

City of Sterling, Colorado

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the year ended December 31, 2019



**STERLING**  
A Colorado Treasure

# STERLING

A Colorado Treasure

City of Sterling, Colorado

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2019

Prepared by:

Department of Finance and Records

Debra Lyn Forbes, Director of Finance/City Clerk

**City of Sterling, Colorado**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended December 31, 2018**

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# STERLING

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## INTRODUCTORY SECTION



June 10, 2020

To the Honorable Mayor, Members of Council, and Citizens of the City of Sterling, Colorado:

The comprehensive annual financial report of the City of Sterling, Colorado, for the year ended December 31, 2019, has been prepared by the Director of Finance to present a comprehensive overview of the financial condition of the City.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Colorado Statutes and the City Charter require that a firm of certified public accountants, selected by City Council, audit the City's financial statements. Lauer, Szabo and Associates, PC, completed the 2019 audit. Their report on the basic and fund financial statements and other required supplemental schedules is included in the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

**PROFILE OF THE GOVERNMENT**

The City of Sterling, county seat of Logan County, is the largest city in the Northeastern corner of Colorado. Interstate 76, as well as Highways 6, 61, and 138, connect Sterling to the surrounding areas. Colorado Highway 14, Main Street, offers easy access westward to the Fort Collins area and the Northern Front Range. Sterling is located 128 miles from Denver on I-76, 90 minutes from DIA, and 40 minutes from I-80. Colorado's beautiful mountain range is only a 2 hour drive away.

In addition to an ideal location, Sterling can boast the best of both worlds. Its original development as an agricultural community has gifted it with a heritage rich in small town atmosphere, with a beautiful downtown area, friendly neighbors, and the feel of a real community. The distance of Sterling from the rapid growth of the Front Range has enabled the city to keep these positive qualities while developing big city resources rarely found in a community this size.

The area is strongly influenced by an agricultural lifestyle and economy. The City of Sterling serves as the shopping hub for Northeastern Colorado and portions of Kansas and Nebraska.

The City of Sterling, Colorado, incorporated in 1884, adopted a home rule charter in 1950, and operates under the council/manager form of government. The City Council consists of a seven member council, with one member elected as mayor and six serving as council members. The council is elected on a non-partisan basis. Three council members are elected every two years within their respective Ward, with staggered terms of four years. The Mayor is elected at large for a two-year term. The City Council is the legislative body of the City of Sterling. They are responsible, among other things, for setting policy by passing ordinances and resolutions and adopting the budget. The City Manager is the Chief Executive Officer of the City.

The City of Sterling provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; recreational activities and utility services of water, sewer and sanitation. The following services are included within the accompanying financial statements:

- General Government – Council, Manager, Finance, Personnel, Attorney, and Municipal Court;
- Public Safety - Police, Dispatch, Youth Services, Fire Protection, and Ambulance Service;
- Parks, Library and Recreation - Recreational Administration, Parks, Forestry, Cemetery, Recreation Center, Library, Museum and Recreational Programs;
- Public Works – Planning and Engineering, Airport, Street, Water, Sewer, Wastewater, Sanitation and Service Center.

As required by the Home Rule Charter of the City of Sterling, an annual budget, which is the complete financial plan for the ensuing year, is adopted for all funds. The City's budget is consistent with Generally Accepted Accounting Principles (GAAP) except for the enterprise funds and internal service funds wherein depreciation is not budgeted. Also, capital outlay and debt service are budgeted as operating expense. The year-end financial reports are converted to comply with GAAP.

The Sterling Urban Renewal Authority (SURA) is included in the financial statements as a component unit of the City.

#### **LOCAL ECONOMY**

The City saw the economy remain steady in 2019. Sales tax revenue, which was 55% of the General Fund revenue in 2019, was 6.9% higher than that collected in 2018. The City's General Fund saw a 7.3% increase in revenues in 2019 compared to 2018.

During 2019 the unemployment rate decreased from the 2.7% in 2018 to the current rate of 2.4%.

The City's Code Enforcement Specialist issued 91 building permits in 2019, which were 46 permits more than issued in 2018. The construction value for 2019 was estimated at approximately \$742 thousand, of which \$555 thousand was for commercial construction.

Major businesses/employers located within the government's boundaries or in close proximity include Sterling Correctional Facility, Banner Health, RE-1 School District, Wal-Mart and Northeastern Junior College.

#### **MAJOR INITIATIVES 2019**

The City of Sterling's staff, following specific directives from City Council and the City Manager, has been involved in a variety of projects throughout the year. These projects reflect the City of Sterling's commitment to ensuring that its citizens are able to live and work in a desirable environment.

Plans were drawn up and bids opened for a new Collections Storage/Print Shop building at the Museum. The foundation was poured in November with hopes of completing and opening the building in the spring of 2020. Preliminary exhibit plans have been made.

A Trails Grant was received from the Colorado Parks & Wildlife Department of Natural Resources to repair and expand the concrete trail around the existing fish pond. Within the grant, solar lighting will be installed around the entire trail, creating a safer environment for the trail users. This project will be finished in 2020.

The City retained the services of Armstrong Consultants, Inc. to develop the Airport Master Plan with the overall goal of providing a framework to meet existing and future aviation demand that will allow the airport to operate in a safe and cost-effective manner, while considering potential environmental and socioeconomic impacts. This will be completed in 2020.

The City had constructed an 85' X 85' pre-engineered steel hangar with a 25' X 55' attached office/storage area at the Airport for the purpose of overnight storage and long term leasing of space for larger airplanes, with the ultimate goal of having a fixed base operator on site to provide mechanical and related aviation services.

Other major accomplishments in 2019 city included the completion of the installation of a replacement water main on Main Street prior to the commencement of the "S" curve construction, which is a State of Colorado project.

### **LONG TERM FINANCIAL PLANNING**

A five-year capital improvement plan is prepared each year that serves as a planning document to ensure that the City's facilities, equipment and infrastructure are well maintained and in safe operating condition. The plan is funded from a combination of dedicated taxes, grants, and reserves.

The Sterling City Council makes decisions and has implemented a policy that in the long-term will benefit the City of Sterling. These policies and incentives, which many have been in the form of a sales tax rebate, may help to bring in new businesses that will help to improve the City's long term financial status.

The City of Sterling, like many Colorado communities, is facing significant challenges due to aging infrastructure and compliance with new wastewater treatment regulations. In addition, Sterling is subject to inflow and infiltration (I&I) of large amounts of groundwater and storm water into the wastewater system.

The existing wastewater treatment facility will be expanded to 9.6 mgd to meet future wastewater flow based upon projected population growth through the year 2040. Projected work will take place in these areas: headworks, force main and the Wastewater Treatment Facility. The preliminary design for the plant was completed in 2019. Construction will commence in early 2021 and be completed in late 2022.

A ballot issue was on the 2018 City of Sterling ballot to ask to borrow \$37 million to help fund the project. The voters did not approve the issue. More information was sent out in utility billings to explain the reason and importance of the loan. The City once again put this on the ballot in November of 2019, and it passed.

### **RELEVANT FINANCIAL POLICIES**

City Council's policy during budget preparation is that the budgeted fund balance must exceed 10% of the projected expenditures. Due to this policy, expenditures are budgeted high and revenues are budgeted more conservatively.

The City has also placed more investments in a short term investment due to the low interest rates due to the economy.

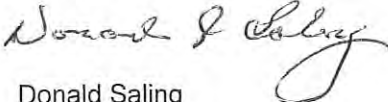
### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sterling for its comprehensive annual financial report for the fiscal year ended December 31, 2018. This was the twenty-eighth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Appreciation is acknowledged for the dedicated efforts of all officials and staff involved in managing and accounting for the City's financial operations. The process of financial planning, management, and accounting requires the concerted effort by the City Council and City Staff to successfully accomplish.

Respectfully submitted,



Donald Saling  
City Manager



Debra Lyn Forbes, MMC  
Director of Finance/City Clerk



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Sterling  
Colorado**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morill*

Executive Director/CEO

**City of Sterling, Colorado  
City Council and Senior Management  
December 31, 2019**

**City Council**

|                       |                   |                   |
|-----------------------|-------------------|-------------------|
| Mayor                 | Term expires 2021 | Dave Appelhans    |
| Council Member Ward 1 | Term expires 2021 | Bob McCarty       |
| Council Member Ward 1 | Term expires 2023 | Mike Anderson     |
| Council Member Ward 2 | Term expires 2021 | Brenda Desormeaux |
| Council Member Ward 2 | Term expires 2023 | Mandy Ritter      |
| Council Member Ward 3 | Term expires 2021 | Luke Janes        |
| Council Member Ward 3 | Term expires 2023 | Kelly Blecha      |

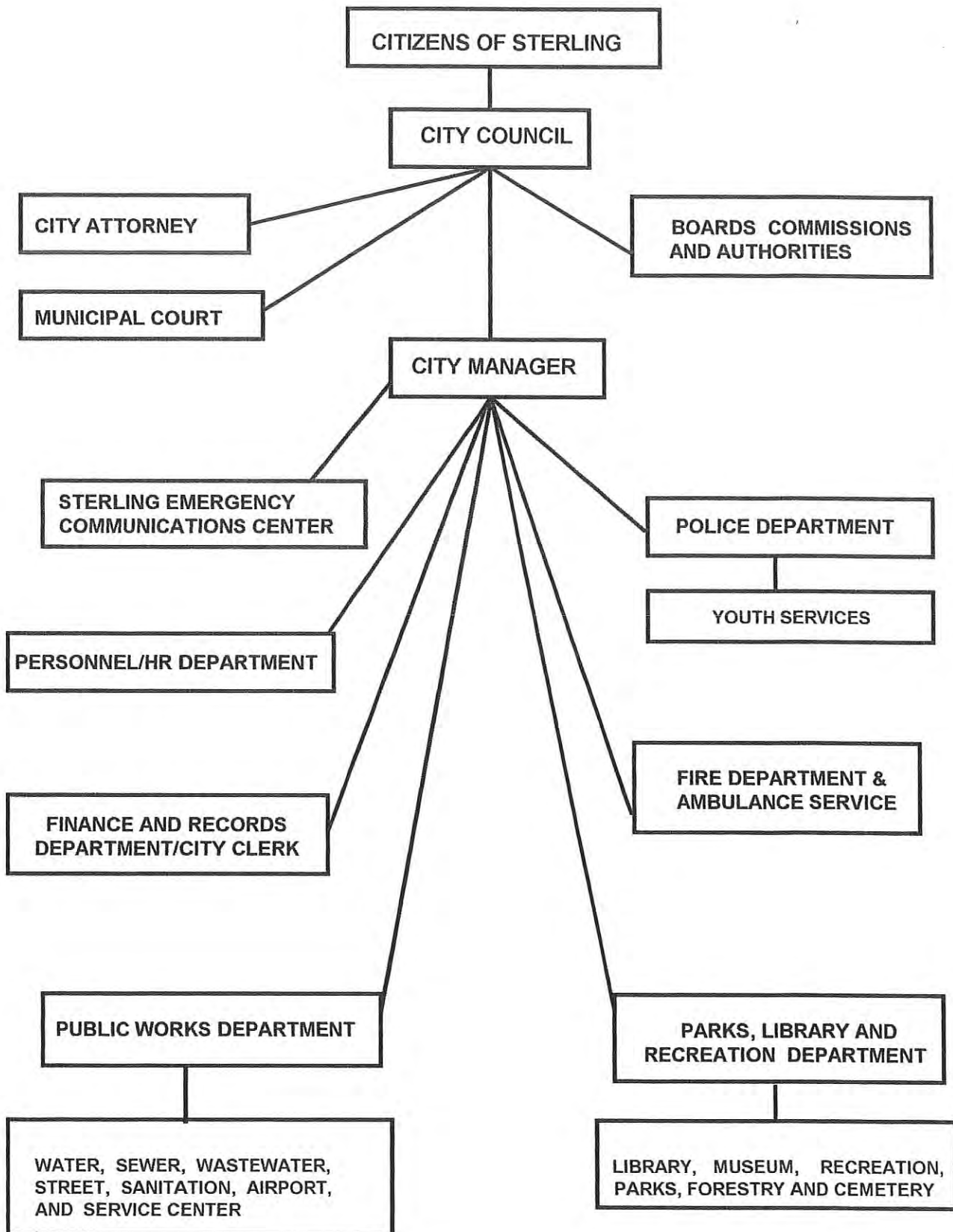
**Appointed Officials**

|                       |               |
|-----------------------|---------------|
| City Manager          | Donald Saling |
| Municipal Court Judge | Jay Brammer   |
| City Attorney         | J. Curt Penny |

**Department Heads**

|   |                  |
|---|------------------|
| Director of Public Works                | George Good      |
| Director of Finance/City Clerk          | Debra Lyn Forbes |
| Director of Personnel                   | Robert Brown     |
| Director of Parks, Library & Recreation | Wade Gandee      |
| Fire Chief                              | Lavon Ritter     |
| Police Chief                            | Tyson Kerr       |
| Public Safety Communication Director    | Valicia Lybrand  |

# CITY OF STERLING, COLORADO



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## FINANCIAL SECTION



## **Independent Auditors' Report**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sterling (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, local highway finance report and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
April 13, 2020

## MANAGEMENT DISCUSSION & ANALYSIS

As management of the City of Sterling, we offer readers of the City of Sterling's financial statements this narrative overview and analysis of the financial activities of the City of Sterling for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the City's financial statements, which begin on page 21.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Sterling exceeded its liabilities at the close of 2019 by \$84 million (net position). Of this amount \$22.2 million or 26% is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- During the year, the City's revenue from taxes and other revenues for governmental activities exceeded the expenses by \$596 thousand.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Sterling's basic financial statements. The City of Sterling's basic financial statements are comprised of three components (1) Government-wide financial statements; (2) Fund financial statements; and (3) Notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-wide financial statements.** The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

The statement of net position presents information on all of the City of Sterling's assets, deferred outflows, liabilities, and deferred inflows, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Sterling is improving or deteriorating.

The statement of activities presents information showing how the City of Sterling's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused paid time off).

Both of the government-wide financial statements separate the functions of the City of Sterling between those supported by taxes and intergovernmental revenues (government activities) from those that recover all or a significant portion of the costs through user type fees (business type activities). Most of the City's basic services are considered government activities, such as the police, fire, ambulance, dispatch, public works, parks, library, recreation, and general administration. Sales and use tax, property tax, franchise tax, intergovernmental revenue and charges for services finance most of these activities. The City charges fees to customers to recover most of the costs of certain services provided in the business type activities. The City's water, sewer, and sanitation systems are included here.

The government-wide financial statements include not only the City of Sterling itself (known as the primary government), but also a legally separate entity, the Sterling Urban Renewal Authority, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the City itself.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law, however, City Council has established other funds to help control and manage money for particular purposes (the Perpetual Care Fund) or to show that it is properly using certain revenue (the Conservation Trust Fund). All of the funds of the City of Sterling can be divided into three categories: governmental funds, proprietary funds, or fiduciary funds.

**Governmental funds.** Most of the City's basic services are reported in governmental funds, which focus on how money flows through these funds and the balances left at the year-end are available for future expenditures. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statement provides a detailed short-term view of cash, the governmental fund operations and the basic services it provides. Government 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. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided, or on the subsequent page, that explains the relationship (or differences) between them.

The City of Sterling maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the general fund and the capital projects fund, which are considered to be major funds. Data from the other six governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Sterling adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found starting on page 28 of this report.

**Proprietary funds.** When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) report activities that provide supplies and services for the City's other programs and activities, such as the City's Service Center, Employee Benefit, Risk Management and Capital Replacement Funds.

The City of Sterling adopts an annual appropriated budget for all of its proprietary funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic proprietary fund financial statements can be found starting on page 32 of this report.

## **Notes to the financial statements**

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 44 of this report.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City of Sterling's progress in funding its obligation to provide pension and other post employment benefits to its employees. Required supplementary information can be found on page 89 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Sterling, assets exceed liabilities by \$84 million at the close of 2019.

| CITY OF STERLING NET POSITION                           |                            |           |                             |           |            |            |
|---|----------------------------|-----------|-----------------------------|-----------|------------|------------|
| (in thousands)  |                            |           |                             |           |            |            |
|   | Governmental<br>Activities |           | Business Type<br>Activities |           | Total      |            |
|   | 2018                       | 2019      | 2018                        | 2019      | 2018       | 2019       |
| Current and other assets                                | \$ 10,260                  | \$ 9,854  | \$ 12,168                   | \$ 16,594 | \$ 22,428  | \$ 26,448  |
| Land, construction in progress<br>and water rights      | 1,900                      | 2,696     | 2,442                       | 2,809     | 4,342      | 5,505      |
| Capital assets - Net of Depreciation                    | 33,377                     | 32,833    | 43,283                      | 41,864    | 76,660     | 74,697     |
| Total assets  | 45,537                     | 45,383    | 57,893                      | 61,267    | 103,430    | 106,650    |
| Pension deferrals                                       | 998                        | 1,632     | -                           | -         | 998        | 1,632      |
| Total deferred outflows of resources                    | 998                        | 1,632     | -                           | -         | 998        | 1,632      |
| Total assets and deferred outflows                      | \$ 46,535                  | \$ 47,015 | \$ 57,893                   | \$ 61,267 | \$ 104,428 | \$ 108,282 |
| Long-term debt outstanding                              | \$ 1,615                   | \$ 2,019  | \$ 20,137                   | \$ 18,755 | \$ 21,752  | \$ 20,774  |
| Other liabilities                                       | 737                        | 604       | 1,925                       | 1,656     | 2,662      | 2,260      |
| Total liabilities                                       | 2,352                      | 2,623     | 22,062                      | 20,411    | 24,414     | 23,034     |
| Deferred property tax revenues                          | 1,149                      | 1,223     | -                           | -         | 1,149      | 1,223      |
| Pension deferrals                                       | 482                        | 21        | -                           | -         | 482        | 21         |
| Total deferred inflows of resources                     | 1,631                      | 1,244     | -                           | -         | 1,631      | 1,244      |
| Net position:   |                            |           |                             |           |            |            |
| Net Investment in capital assets                        | 34,846                     | 35,188    | 24,324                      | 24,637    | 59,170     | 59,825     |
| Restricted  | 2,076                      | 1,846     | 81                          | 83        | 2,157      | 1,929      |
| Unrestricted (deficit)                                  | 5,630                      | 6,114     | 11,426                      | 16,136    | 17,056     | 22,250     |
| Total net position                                      | \$ 42,552                  | \$ 43,148 | \$ 35,831                   | \$ 40,856 | \$ 78,383  | \$ 84,004  |
| Total liabilities, deferred inflows<br>and net position | \$ 46,535                  | \$ 47,015 | \$ 57,893                   | \$ 61,267 | \$ 104,428 | \$ 108,282 |

The largest portion of the City of Sterling's net position, \$59.8 million, reflects its investment in capital assets (land, buildings and equipment). The City of Sterling uses these capital assets to provide services to citizens; consequently these assets are not available for future spending.

In addition, a portion of the City of Sterling's net position, \$1.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$22.2 million, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2019, the City of Sterling 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.

### Changes in Net Position

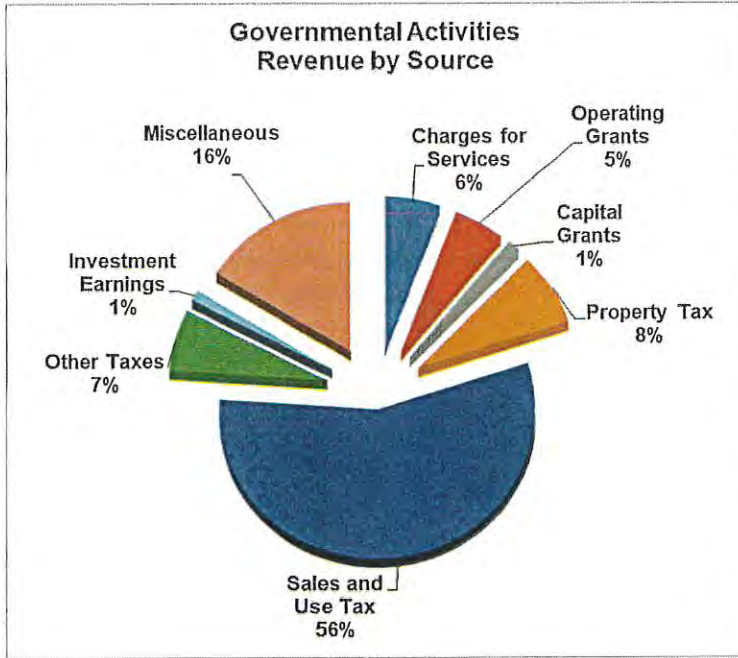
A summary of the City's governmental and business type activities for the period ending December 31, 2019 reflects net position increasing by \$5.6 million. The prior period is also included for comparative purposes.

| CITY OF STERLING CHANGES IN NET POSITION |                         |           |                          |           |           |           |
|--|-------------------------|-----------|--------------------------|-----------|-----------|-----------|
| (in thousands)                           |                         |           |                          |           |           |           |
|  | Governmental Activities |           | Business-type Activities |           | Total     |           |
|  | 2018                    | 2019      | 2018                     | 2019      | 2018      | 2019      |
| Program Revenue:                         |                         |           |                          |           |           |           |
| Charges for Services                     | \$ 756                  | \$ 843    | \$ 8,880                 | \$ 11,137 | \$ 9,636  | \$ 11,980 |
| Operating Grants                         | 731                     | 763       | 18                       | -         | 749       | 763       |
| Capital Grants                           | 5                       | 186       | 52                       | 39        | 57        | 225       |
| General Revenues:                        |                         |           |                          |           |           |           |
| Property Tax                             | 1,139                   | 1,149     | -                        | -         | 1,139     | 1,149     |
| Specific Ownership Tax                   | 123                     | 139       | -                        | -         | 123       | 139       |
| Sales and Use Tax                        | 7,609                   | 8,236     | -                        | -         | 7,609     | 8,236     |
| Franchise Tax                            | 626                     | 614       | -                        | -         | 626       | 614       |
| Other Taxes                              | 236                     | 225       | -                        | -         | 236       | 225       |
| Unrestricted Earnings<br>on Investments  | 137                     | 162       | 208                      | 266       | 345       | 428       |
| Sale of assets                           | -                       | -         | 1                        | -         | 1         | -         |
| Miscellaneous                            | 2,399                   | 2,372     | 85                       | 148       | 2,484     | 2,520     |
| Total Revenues                           | \$ 13,761               | \$ 14,689 | \$ 9,244                 | \$ 11,590 | \$ 23,005 | \$ 26,279 |
| Program Expenses:                        |                         |           |                          |           |           |           |
| General Government                       | \$ 2,773                | \$ 2,992  | -                        | -         | \$ 2,773  | \$ 2,992  |
| Public Safety                            | 5,135                   | 5,457     | -                        | -         | 5,135     | 5,457     |
| Public Works                             | 2,323                   | 2,315     | -                        | -         | 2,323     | 2,315     |
| Parks, Library, Recreation               | 3,216                   | 3,316     | -                        | -         | 3,216     | 3,316     |
| Interest on Long-term Debt               | 26                      | 13        | -                        | -         | 26        | 13        |
| Water                                    | -                       | -         | 4,328                    | 3,935     | 4,328     | 3,935     |
| Sanitation                               | -                       | -         | 576                      | 607       | 576       | 607       |
| Sewer                                    | -                       | -         | 2,060                    | 2,023     | 2,060     | 2,023     |
| Total Expenses                           | \$ 13,473               | \$ 14,093 | \$ 6,964                 | \$ 6,565  | \$ 20,437 | \$ 20,658 |
| Overage Before Transfers                 | \$ 288                  | \$ 596    | \$ 2,280                 | \$ 5,025  | \$ 2,568  | \$ 5,621  |
| Transfers                                | 92                      | -         | (92)                     | -         | -         | -         |
| Change in Net Position                   | \$ 380                  | \$ 596    | \$ 2,188                 | \$ 5,025  | \$ 2,568  | \$ 5,621  |
| Net position beginning of year           | 42,172                  | 42,552    | 33,643                   | 35,831    | 75,815    | 78,383    |
| Net position at end of year              | \$ 42,552               | \$ 43,148 | \$ 35,831                | \$ 40,856 | \$ 78,383 | \$ 84,004 |

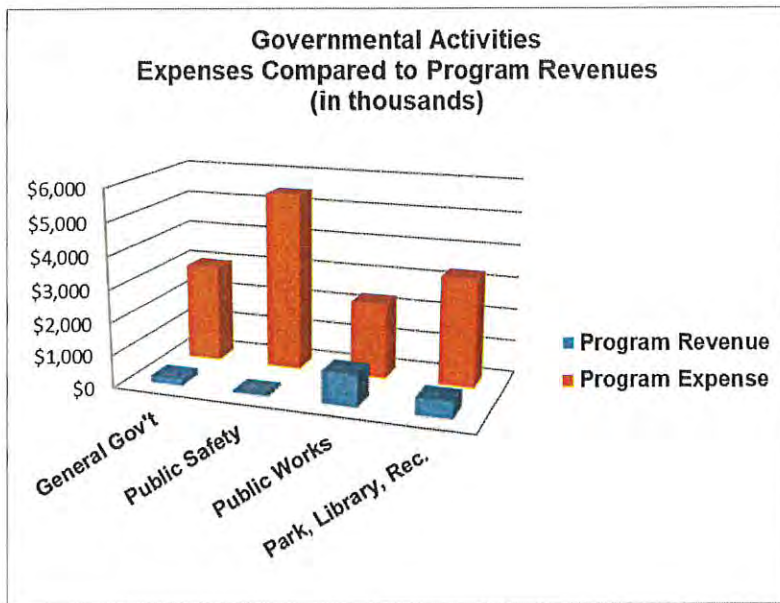
**Governmental activities**

Net position of the governmental activities increased by \$596 thousand during 2019.

The sales and use tax revenue increased 8.24%.

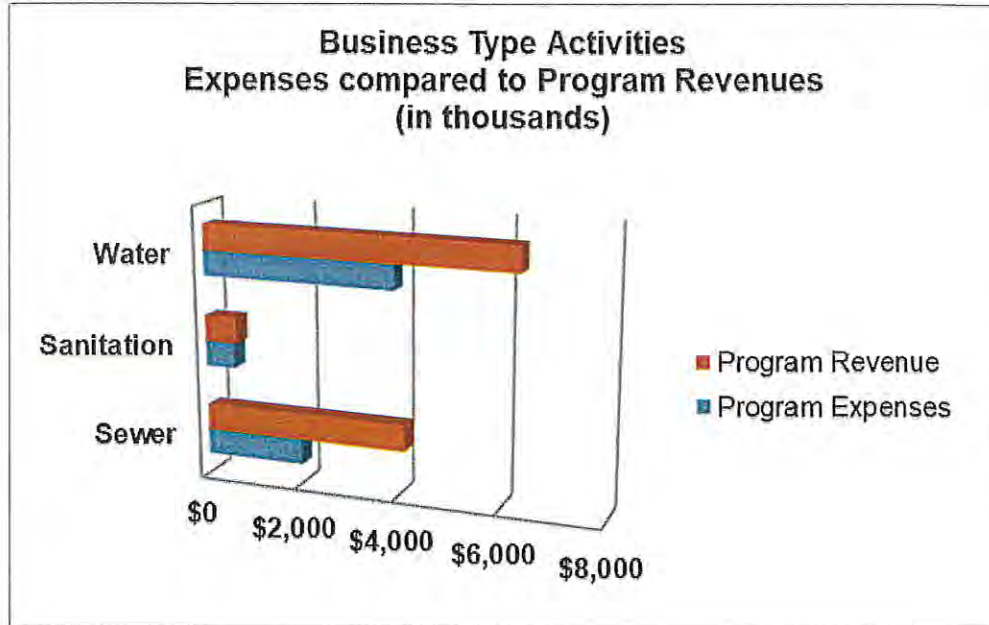


Expenses Compared to the Revenue presents the cost and revenue of each of the City's four largest programs – general government, public safety, public works and parks, library and recreation. The difference between the revenue and expense shows the financial burden that was placed on the City's taxpayers by each of these functions.



## Business-type Activities

Net position in Business-type Activities increased by \$5 million in 2019. Business-type activities include Water, Sanitation and Sewer services.



## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

**Governmental funds.** The focus of the City of Sterling's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Sterling's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Sterling itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Sterling's Council.

The General Fund is the chief operating fund of the City of Sterling. At the end of 2019, the City of Sterling's General Fund reported an ending fund balance of \$4.1 million, which was an increase of \$343 thousand from January 1, 2019. The majority of the increase was sales and use tax due to hail storms in May of 2019. Of that fund balance, \$3.9 million was unassigned and is available for spending at the City's discretion. The remainder of the fund balance is assigned and is not available for new spending because it is committed to the culture and recreation and prepaid items. The remainder of the Governmental funds had a combined fund balance of \$1.9 million.

**Proprietary Funds.** The City of Sterling's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The three Enterprise Funds had a combined increase in net position of \$5 million. The Sewer Fund increased by \$2.2 million, the Sanitation Funds increased by \$73 thousand, and the Water Fund had

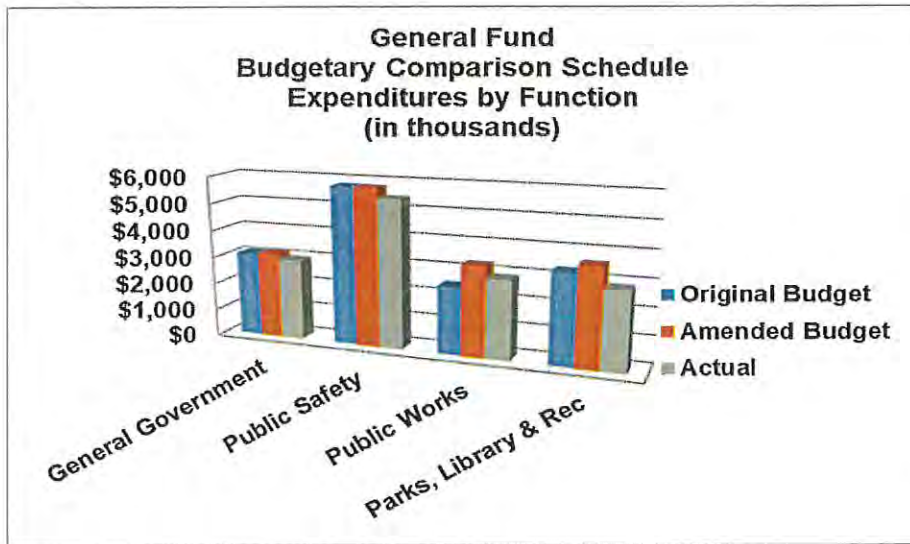
an increase of \$2.7 million. The increases in the Water and Sewer Fund were for future loan payments.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the course of 2019, the City amended the General Fund budget two times. All recommended amendments for budget changes came through the Finance and City Manager’s Department, to City Council via Ordinance as required by the City Code. The General Fund original budgeted expenditures were \$14.6 million; and the final budgeted amount was \$15.8 million. The main components of the increase were:

- Grant expenditures of \$572 thousand; which included the grant for the Airport Master Plan (\$327 thousand), and the grant for the Fishing Pond (\$245 thousand). Both of these grants received a 90% match.
- 2<sup>nd</sup> & Main Street intersection. This was paid for in thirds by the City, SURA (Sterling Urban Renewal Authority), and Hotel Tax Dollars (\$110 thousand each).
- A new hanger at the airport (\$388 million).

In order to consider the additional appropriations, the budgeted revenues were also amended. The original budgeted revenues for the General Fund were \$13.3 million; the final budgeted amount was \$14 million. The majority of the increased revenue was money anticipated to be received for the grants, mentioned above.



The variance between actual expenditures and the final budget amounted to \$1.7 million dollars in unspent appropriation and is summarized below.

- All departments/divisions in the General Fund had unexpended funds due to the budgeting of personnel costs. Due to turnover, vacancies and the budgeting of medical insurance, there were unspent budgeted funds at the end of the year. The City budgets the total premium for each employee during the budget process; however there are employees that do not take the City’s insurance.
- Changes in personnel throughout the year resulted in \$270 thousand, or 16% of the unspent budget.

- The new Collections Storage/Print Shop building at the Museum had \$193 thousand left for the completion of the building in 2020.
- The Airport Master Plan and Fishing Pond Grants listed above had \$459 thousand left for completion in 2020.
- The Ambulance service had \$204 thousand left in the 2019 budget. In July 2019 the Ambulance quit doing out of town transfers to other hospitals, leaving the unspent budget.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The City of Sterling's investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounts to \$80 million (net of accumulated depreciation). This amount includes a broad range of capital assets, including police and fire equipment, roads, water and wastewater lines, storm drainage and other infrastructure.

The City remains committed to the upkeep and maintenance of the City's largest assets. More detailed information about the City's capital assets is presented in Note E to the financial statements.

**CITY OF STERLING  
CAPITAL ASSETS ON DECEMBER 31, 2019  
(net of depreciation, in thousands)**

|                          | Governmental<br>Activities |                  | Business-type<br>Activities |                  | Total            |                  |
|--------------------------|----------------------------|------------------|-----------------------------|------------------|------------------|------------------|
|                          | 2018                       | 2019             | 2018                        | 2019             | 2018             | 2019             |
| Land                     | \$ 1,900                   | \$ 1,900         | \$ 1,370                    | \$ 1,370         | \$ 3,270         | \$ 3,270         |
| Construction in Progress | -                          | 797              | 2,442                       | 831              | 2,442            | 1,628            |
| Water rights             | -                          | -                | 708                         | 708              | 708              | 708              |
| Buildings                | 6,418                      | 6,579            | 1,767                       | 1,620            | 8,185            | 8,199            |
| Equipment                | 4,761                      | 4,406            | 906                         | 905              | 5,667            | 5,311            |
| Improvements             | 7,928                      | 7,560            | 38,532                      | 39,238           | 46,460           | 46,798           |
| Infrastructure           | 14,270                     | 14,288           | -                           | -                | 14,270           | 14,288           |
| Total                    | <u>\$ 35,277</u>           | <u>\$ 35,530</u> | <u>\$ 45,725</u>            | <u>\$ 44,672</u> | <u>\$ 81,002</u> | <u>\$ 80,202</u> |

The major capital asset additions during 2019 included:

- 2019 street improvements (\$597 thousand)
- Completion of a new hanger at the Airport
- Waterline replacement on W Main Street
- Improvements to Henderson Ditch

**Long-term debt.** The City had \$22 million in debt outstanding at year-end 2019. More detailed information about the City's long-term debt is presented in Note F to the financial statements.

City of Sterling  
Outstanding Debt  
(in thousands)

|                       | Governmental<br>Activities |                 | Business-type<br>Activities |                  | Total            |                  |
|-----------------------|----------------------------|-----------------|-----------------------------|------------------|------------------|------------------|
|                       | 2018                       | 2019            | 2018                        | 2019             | 2018             | 2019             |
| CWRPDA Loan - Water   | \$ -                       | \$ -            | \$ 20,917                   | \$ 19,586        | \$ 20,917        | \$ 19,586        |
| Premium on notes      | -                          | -               | 485                         | 449              | 485              | 449              |
| Service Center Lease  | -                          | -               | -                           | -                | -                | -                |
| Air Pack Lease        | 69                         | 35              | -                           | -                | 69               | 35               |
| Fire Truck Lease      | 361                        | 306             | -                           | -                | 361              | 306              |
| Net Pension Liability | 724                        | 1,210           | -                           | -                | 724              | 1,210            |
| Compensated Absences  | 589                        | 600             | 71                          | 78               | 660              | 678              |
| <b>TOTAL</b>          | <b>\$ 1,743</b>            | <b>\$ 2,151</b> | <b>\$ 21,473</b>            | <b>\$ 20,113</b> | <b>\$ 23,216</b> | <b>\$ 22,264</b> |

**ECONOMIC FACTORS AND THE 2020 BUDGET**

In preparing the 2020 Budget, the City took into consideration the current economy. The 2020 adopted expenditure budget was appropriated at \$14.8 million for the General Fund, which was \$719 thousand more than the final 2019 budget. The adopted revenue budget for 2020 was \$14.1 million, which was \$135 thousand more than the final budget for 2019.

The City has completed the preliminary design for the wastewater treatment plant. Funding of the project will be finalized in 2020.

The City is being cautious with its spending in 2020, especially with the coronavirus. Staff was cut to half time from March 18 through May 11<sup>th</sup>, and have been advised to curtail spending. The budget is being monitored on a monthly basis; the 2020 revenues and expenditures to the same month in 2019, to see the financial impact, and what adjustments will need to be made as we go forward with the 2021 budget.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to show the City's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact the City of Sterling Director of Finance, 421 N 4<sup>th</sup> Street, Sterling, CO 80751.

## Basic Financial Statements

The basic financial statements of the City include the following:

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

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

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

CITY OF STERLING, COLORADO  
Statement of Net Position  
December 31, 2019

|   | Primary Government         |                             |                |
|---|----------------------------|-----------------------------|----------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total          |
| Assets  |                            |                             |                |
| Cash  | \$ 442,961                 | \$ 693,510                  | \$ 1,136,471   |
| Cash with county treasurer                      | 14,658                     |                             | 14,658         |
| Certificates of deposit                         |                            | 108,649                     | 108,649        |
| Investments                                     | 6,913,333                  | 14,098,038                  | 21,011,371     |
| Receivables                                     | 2,426,572                  | 1,183,781                   | 3,610,353      |
| Internal balances                               | (43,585)                   | 43,585                      | -              |
| Inventory                                       |                            | 383,955                     | 383,955        |
| Prepaid items                                   | 99,927                     |                             | 99,927         |
| Restricted cash                                 |                            | 82,520                      | 82,520         |
| Land, construction in progress and water rights | 2,696,418                  | 2,808,576                   | 5,504,994      |
| Capital assets, net of depreciation             | 32,833,259                 | 41,863,958                  | 74,697,217     |
| Total assets                                    | 45,383,543                 | 61,266,572                  | 106,650,115    |
| Deferred outflows of resources                  |                            |                             |                |
| Pension deferrals                               | 1,631,880                  |                             | 1,631,880      |
| Total assets and deferred outflows of resources | \$ 47,015,423              | \$ 61,266,572               | \$ 108,281,995 |

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

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Component  
Unit

\$ 4,045,126

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4,045,126

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\$ 4,045,126

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(continued)

**CITY OF STERLING, COLORADO**  
**Statement of Net Position**  
**December 31, 2019**

(continued)

|  | Primary Government         |                             |                       |
|--|----------------------------|-----------------------------|-----------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total                 |
| <b>Liabilities</b>   |                            |                             |                       |
| Accounts payable   | \$ 268,900                 | \$ 58,381                   | \$ 327,281            |
| Accrued salaries and benefits  | 187,187                    | 27,422                      | 214,609               |
| Accrued interest payable   | 12,470                     | 211,795                     | 224,265               |
| Unearned revenues  | 3,664                      |                             | 3,664                 |
| Noncurrent liabilities   |                            |                             |                       |
| Due within one year  | 132,205                    | 1,358,363                   | 1,490,568             |
| Due in more than one year  | 2,019,131                  | 18,755,426                  | 20,774,557            |
| <b>Total liabilities</b>   | <b>2,623,557</b>           | <b>20,411,387</b>           | <b>23,034,944</b>     |
| <b>Deferred inflows of resources</b>   |                            |                             |                       |
| Property taxes levied in advance   | 1,222,526                  |                             | 1,222,526             |
| Pension deferrals  | 20,778                     |                             | 20,778                |
| <b>Total deferred inflows of resources</b>                                   | <b>1,243,304</b>           | <b>-</b>                    | <b>1,243,304</b>      |
| <b>Net position</b>  |                            |                             |                       |
| Net investment in capital assets   | 35,188,243                 | 24,636,900                  | 59,825,143            |
| Restricted for emergencies   | 440,000                    |                             | 440,000               |
| Restricted for public safety   | 253,346                    |                             | 253,346               |
| Restricted for culture and recreation  | 1,152,933                  |                             | 1,152,933             |
| Restricted for system improvements   |                            | 82,520                      | 82,520                |
| Unrestricted   | 6,114,040                  | 16,135,765                  | 22,249,805            |
| <b>Total net position</b>  | <b>43,148,562</b>          | <b>40,855,185</b>           | <b>84,003,747</b>     |
| <b>Total liabilities, deferred inflows of resources<br/>and net position</b> | <b>\$ 47,015,423</b>       | <b>\$ 61,266,572</b>        | <b>\$ 108,281,995</b> |

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

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Component  
Unit

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\$ 86,537

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86,537

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3,958,589

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3,958,589

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\$ 4,045,126

CITY OF STERLING, COLORADO  
Statement of Activities  
For the Year Ended December 31, 2019

|   | Program Revenues     |                         |  |  |
|---|----------------------|-------------------------|--|--|
|   | Expenses             | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| Governmental activities                     |                      |                         |  |  |
| General government                          | \$ 2,992,257         | \$ 207,341              | \$ 1,000                                 |  |
| Public safety                               | 5,457,155            | 46,503                  | 23,709                                   |  |
| Public works                                | 2,315,056            | 261,360                 | 544,481                                  | \$ 185,970                             |
| Health and welfare                          | 245,282              | 103,140                 |  |  |
| Culture and recreation                      | 3,070,546            | 225,120                 | 193,421                                  |  |
| Interest on long-term debt                  | 13,147               |                         |  |  |
| Total governmental activities               | <u>14,093,443</u>    | <u>843,464</u>          | <u>762,611</u>                           | <u>185,970</u>                         |
| Business-type activities                    |                      |                         |  |  |
| Water services                              | 3,935,463            | 6,339,752               |  | 20,160                                 |
| Sanitation services                         | 606,982              | 669,212                 |  |  |
| Sewer services                              | 2,023,614            | 4,128,365               |  | 18,700                                 |
| Total business-type activities              | <u>6,566,059</u>     | <u>11,137,329</u>       | <u>-</u>                                 | <u>38,860</u>                          |
| Total primary government                    | <u>\$ 20,659,502</u> | <u>\$ 11,980,793</u>    | <u>\$ 762,611</u>                        | <u>\$ 224,830</u>                      |
| Component unit                              |                      |                         |  |  |
| Sterling Urban Renewal Authority            | <u>\$ 209,885</u>    | <u>\$ -</u>             | <u>\$ -</u>                              | <u>\$ -</u>                            |
| General revenues                            |                      |                         |  |  |
| Taxes                                       |                      |                         |  |  |
| Property taxes, levied for general purposes |                      |                         |  |  |
| Specific ownership taxes                    |                      |                         |  |  |
| Sales and use taxes                         |                      |                         |  |  |
| Franchise taxes                             |                      |                         |  |  |
| Other taxes                                 |                      |                         |  |  |
| Unrestricted earnings on investments        |                      |                         |  |  |
| Miscellaneous                               |                      |                         |  |  |
| Total general revenues                      |                      |                         |  |  |
| Change in net position                      |                      |                         |  |  |
| Net position at beginning of year           |                      |                         |  |  |
| Net position at end of year                 |                      |                         |  |  |

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

Net (Expenses) Revenues and  
Changes in Net Position

Primary Government

| Governmental<br>Activities | Business-type<br>Activities | Total          | Component<br>Unit |
|----------------------------|-----------------------------|----------------|-------------------|
| \$ (2,783,916)             |                             | \$ (2,783,916) |                   |
| (5,386,943)                |                             | (5,386,943)    |                   |
| (1,323,245)                |                             | (1,323,245)    |                   |
| (142,142)                  |                             | (142,142)      |                   |
| (2,652,005)                |                             | (2,652,005)    |                   |
| (13,147)                   |                             | (13,147)       |                   |
| (12,301,398)               | \$ -                        | (12,301,398)   |                   |
|                            | 2,424,449                   | 2,424,449      |                   |
|                            | 62,230                      | 62,230         |                   |
|                            | 2,123,451                   | 2,123,451      |                   |
| -                          | 4,610,130                   | 4,610,130      |                   |
| (12,301,398)               | 4,610,130                   | (7,691,268)    |                   |
|                            |                             |                | \$ (209,885)      |
| 1,149,229                  |                             | 1,149,229      |                   |
| 139,022                    |                             | 139,022        |                   |
| 8,236,392                  |                             | 8,236,392      |                   |
| 613,719                    |                             | 613,719        |                   |
| 225,819                    |                             | 225,819        | 650,091           |
| 161,614                    | 265,800                     | 427,414        | 75,525            |
| 2,371,830                  | 148,380                     | 2,520,210      |                   |
| 12,897,625                 | 414,180                     | 13,311,805     | 725,616           |
| 596,227                    | 5,024,310                   | 5,620,537      | 515,731           |
| 42,552,335                 | 35,830,875                  | 78,383,210     | 3,442,858         |
| \$ 43,148,562              | \$ 40,855,185               | \$ 84,003,747  | \$ 3,958,589      |

**CITY OF STERLING, COLORADO**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2019**

|  | General<br>Fund     | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------------------|--------------------------------|
| <b>Assets</b>  |                     |                                |                                |
| Cash   | \$ 336,034          | \$ 45,491                      | \$ 381,525                     |
| Cash with county treasurer   | 14,658              |                                | 14,658                         |
| Investments  | 2,850,008           | 1,846,858                      | 4,696,866                      |
| Property taxes receivable  | 1,222,526           |                                | 1,222,526                      |
| Other taxes receivable   | 814,230             | 8,036                          | 822,266                        |
| Other receivables  | 378,827             | 214                            | 379,041                        |
| Special assessments receivable   | 2,642               |                                | 2,642                          |
| Prepaid items  | 99,927              |                                | 99,927                         |
| <b>Total assets</b>  | <b>\$ 5,718,852</b> | <b>\$ 1,900,599</b>            | <b>\$ 7,619,451</b>            |
| <b>Liabilities</b>   |                     |                                |                                |
| Accounts payable   | \$ 194,293          | \$ 37,805                      | \$ 232,098                     |
| Accrued salaries and benefits  | 174,004             |                                | 174,004                        |
| Deposits   | 3,664               |                                | 3,664                          |
| <b>Total liabilities</b>   | <b>371,961</b>      | <b>37,805</b>                  | <b>409,766</b>                 |
| <b>Deferred inflows of resources</b>                                     |                     |                                |                                |
| Deferred property tax revenues   | 1,222,526           |                                | 1,222,526                      |
| <b>Total deferred inflows of resources</b>                               | <b>1,222,526</b>    | <b>-</b>                       | <b>1,222,526</b>               |
| <b>Fund balance</b>  |                     |                                |                                |
| Nonspendable - prepaid items   | 99,927              |                                | 99,927                         |
| Restricted - public safety   |                     | 253,346                        | 253,346                        |
| Restricted - culture and recreation                                      |                     | 1,152,933                      | 1,152,933                      |
| Committed - capital improvements   |                     | 225,936                        | 225,936                        |
| Committed - culture and recreation                                       | 146,223             |                                | 146,223                        |
| Committed - health and welfare   |                     | 230,579                        | 230,579                        |
| Unassigned   | 3,878,215           |                                | 3,878,215                      |
| <b>Total fund balance</b>  | <b>4,124,365</b>    | <b>1,862,794</b>               | <b>5,987,159</b>               |
| <b>Total liabilities, deferred inflows of resources and fund balance</b> | <b>\$ 5,718,852</b> | <b>\$ 1,900,599</b>            | <b>\$ 7,619,451</b>            |

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

**CITY OF STERLING, COLORADO**

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
December 31, 2019**

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

|   |                             |
|---|-----------------------------|
| Total fund balance - governmental funds   | \$ 5,987,159                |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.  | 30,464,720                  |
| Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.   | (1,775,484)                 |
| Pension deferrals used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.   | 1,611,102                   |
| Internal service funds are used by management to charge the costs of certain activities to individual funds, such as insurance, fleet and service center management. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position. | <u>6,861,065</u>            |
| Net position of the governmental activities   | <u><u>\$ 43,148,562</u></u> |

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

**CITY OF STERLING, COLORADO**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended December 31, 2019**

|   | General<br>Fund     | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|--------------------------------|--------------------------------|
| Revenues  |                     |                                |                                |
| Taxes   | \$ 10,154,137       | \$ 210,044                     | \$ 10,364,181                  |
| Licenses and permits                            | 252,166             |                                | 252,166                        |
| Intergovernmental                               | 2,078,854           | 160,248                        | 2,239,102                      |
| Charges for services                            | 263,655             | 15,843                         | 279,498                        |
| Fines and forfeitures                           | 66,625              |                                | 66,625                         |
| Earnings on investments                         | 66,186              | 43,591                         | 109,777                        |
| Miscellaneous                                   | 1,102,584           | 303,057                        | 1,405,641                      |
| <b>Total revenues</b>                           | <b>13,984,207</b>   | <b>732,783</b>                 | <b>14,716,990</b>              |
| Expenditures                                    |                     |                                |                                |
| Current   |                     |                                |                                |
| General government                              | 2,953,716           | 259,210                        | 3,212,926                      |
| Public safety                                   | 5,433,901           | 95,749                         | 5,529,650                      |
| Public works                                    | 2,871,780           |                                | 2,871,780                      |
| Health and welfare                              | 217,202             | 20,188                         | 237,390                        |
| Culture and recreation                          | 2,644,552           | 192,568                        | 2,837,120                      |
| <b>Total expenditures</b>                       | <b>14,121,151</b>   | <b>567,715</b>                 | <b>14,688,866</b>              |
| Excess of revenues over<br>(under) expenditures | (136,944)           | 165,068                        | 28,124                         |
| Other financing sources (uses)                  |                     |                                |                                |
| Transfers in                                    | 479,867             |                                | 479,867                        |
| Transfers out                                   |                     | (79,867)                       | (79,867)                       |
| <b>Total other financing sources<br/>(uses)</b> | <b>479,867</b>      | <b>(79,867)</b>                | <b>400,000</b>                 |
| <b>Net change in fund balance</b>               | <b>342,923</b>      | <b>85,201</b>                  | <b>428,124</b>                 |
| Fund balance at beginning of year               | 3,781,442           | 1,777,593                      | 5,559,035                      |
| Fund balance at end of year                     | <u>\$ 4,124,365</u> | <u>\$ 1,862,794</u>            | <u>\$ 5,987,159</u>            |

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

**CITY OF STERLING, COLORADO**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2019**

---

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

|  |                   |
|--|-------------------|
| Net change in fund balances - governmental funds   | \$ 428,124        |
| Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays (\$1,805,127) exceeded depreciation (\$1,284,212) in the current period. | 520,915           |
| Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.  | (38,810)          |
| In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).  | (6,761)           |
| Internal service funds are used by management to charge the costs of certain activities to individual funds, such as insurance, fleet and service center management. The net revenue (expense) of the certain internal service funds is reported with governmental activities.   | <u>(307,241)</u>  |
| Change in net position of governmental activities  | <u>\$ 596,227</u> |

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

CITY OF STERLING, COLORADO  
Statement of Net Position  
Proprietary Funds  
December 31, 2019

|   | Business-type Activities - Enterprise Funds |                 |               |
|---|---|-----------------|---------------|
|   | Water Fund                                  | Sanitation Fund | Sewer Fund    |
| Assets  |   |                 |               |
| Current assets                                  |   |                 |               |
| Cash  | \$ 175,834                                  | \$ 230,358      | \$ 287,318    |
| Certificates of deposit                         |   |                 | 108,649       |
| Investments                                     | 6,629,246                                   | 599,574         | 6,869,218     |
| Receivables                                     | 641,502                                     | 79,319          | 462,960       |
| Due from other funds                            |   |                 | 56,455        |
| Inventory                                       | 333,174                                     | 2,018           | 48,763        |
| Total current assets                            | 7,779,756                                   | 911,269         | 7,833,363     |
| Noncurrent assets                               |   |                 |               |
| Restricted cash with fiscal agent               | 82,520                                      |                 |               |
| Land, construction in progress and water rights | 1,954,876                                   | 178             | 853,522       |
| Capital assets, net of depreciation             | 34,442,737                                  | 272,602         | 7,148,619     |
| Total noncurrent assets                         | 36,480,133                                  | 272,780         | 8,002,141     |
| Total assets                                    | \$ 44,259,889                               | \$ 1,184,049    | \$ 15,835,504 |

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

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| <u>Total</u>         | <u>Governmental<br/>Activities -<br/>Internal<br/>Service Funds</u> |
|----------------------|---|
| \$ 693,510           | \$ 61,436   |
| 108,649              |   |
| 14,098,038           | 2,216,467   |
| 1,183,781            | 97  |
| 56,455               |   |
| 383,955              |   |
| <u>16,524,388</u>    | <u>2,278,000</u>  |
| 82,520               |   |
| 2,808,576            | 110,136   |
| <u>41,863,958</u>    | <u>4,954,821</u>  |
| <u>44,755,054</u>    | <u>5,064,957</u>  |
| <u>\$ 61,279,442</u> | <u>\$ 7,342,957</u>   |

(continued)

CITY OF STERLING, COLORADO  
Statement of Net Position  
Proprietary Funds  
December 31, 2019

(continued)

|   | Business-type Activities - Enterprise Funds |                    |               |
|---|---|--------------------|---------------|
|   | Water<br>Fund                               | Sanitation<br>Fund | Sewer<br>Fund |
| Liabilities                                 |   |                    |               |
| Current liabilities                         |   |                    |               |
| Accounts payable                            | \$ 29,111                                   | \$ 9,125           | \$ 20,145     |
| Accrued salaries and benefits payable       | 13,526                                      | 4,345              | 9,551         |
| Accrued interest payable                    | 211,795                                     |                    |               |
| Due to other funds                          | 56,455                                      |                    |               |
| Current portion of compensated absences     | 1,000                                       | 2,000              | 2,000         |
| Current portion of note payable             | 1,353,363                                   |                    |               |
| Current portion of capital lease obligation |   |                    |               |
| Total current liabilities                   | 1,665,250                                   | 15,470             | 31,696        |
| Long-term liabilities                       |   |                    |               |
| Accrued compensated absences                | 36,017                                      | 14,547             | 22,591        |
| Note payable                                | 18,682,271                                  |                    |               |
| Capital lease obligation                    |   |                    |               |
| Total long-term liabilities                 | 18,718,288                                  | 14,547             | 22,591        |
| Total liabilities                           | 20,383,538                                  | 30,017             | 54,287        |
| Net position                                |   |                    |               |
| Net investment in capital assets            | 16,361,979                                  | 272,780            | 8,002,141     |
| Restricted for system improvements          | 82,520                                      |                    |               |
| Restricted for emergencies                  |   |                    |               |
| Unrestricted                                | 7,431,852                                   | 881,252            | 7,779,076     |
| Total net position                          | 23,876,351                                  | 1,154,032          | 15,781,217    |
| Total liabilities and net position          | \$ 44,259,889                               | \$ 1,184,049       | \$ 15,835,504 |

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

| <u>Total</u>  | <u>Governmental<br/>Activities -<br/>Internal<br/>Service Funds</u> |
|---------------|---|
| \$ 58,381     | \$ 36,802   |
| 27,422        | 13,183  |
| 211,795       | 12,470  |
| 56,455        |   |
| 5,000         |   |
| 1,353,363     |   |
| -             | 92,205  |
| 1,712,416     | 154,660   |
| 73,155        | 34,418  |
| 18,682,271    |   |
| -             | 249,229   |
| 18,755,426    | 283,647   |
| 20,467,842    | 438,307   |
| 24,636,900    | 4,723,523   |
| 82,520        |   |
| -             | 440,000   |
| 16,092,180    | 1,741,127   |
| 40,811,600    | 6,904,650   |
| \$ 61,279,442 | \$ 7,342,957  |

Total net position - enterprise funds \$ 40,811,600

Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.

43,585

Net position of the business-type activities \$ 40,855,185

CITY OF STERLING, COLORADO  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2019

|   | Business-type Activities - Enterprise Funds |                 |              |
|---|---|-----------------|--------------|
|   | Water Fund                                  | Sanitation Fund | Sewer Fund   |
| Operating revenues                                |   |                 |              |
| Charges for services                              | \$ 6,339,752                                | \$ 669,212      | \$ 4,128,365 |
| Miscellaneous                                     |   |                 |              |
| Total operating revenues                          | 6,339,752                                   | 669,212         | 4,128,365    |
| Operating expenses                                |   |                 |              |
| Personnel   | 656,627                                     | 214,650         | 532,300      |
| Maintenance and supplies                          | 1,454,098                                   | 240,420         | 650,748      |
| Administrative cost allocation                    | 457,900                                     | 85,982          | 194,663      |
| Depreciation and amortization                     | 885,658                                     | 68,067          | 650,719      |
| Claims  |   |                 |              |
| Premiums  |   |                 |              |
| Total operating expenses                          | 3,454,283                                   | 609,119         | 2,028,430    |
| Operating income (loss)                           | 2,885,469                                   | 60,093          | 2,099,935    |
| Nonoperating revenues (expenses)                  |   |                 |              |
| Earnings on investments                           | 125,323                                     | 12,437          | 128,040      |
| Rents and rights                                  | 88,536                                      |                 |              |
| Miscellaneous                                     | 59,844                                      |                 |              |
| Insurance proceeds                                |   |                 |              |
| Federal and state grants                          |   |                 |              |
| Gain (loss) on disposal of assets                 |   |                 |              |
| Debt service interest and fiscal charges          | (487,081)                                   |                 |              |
| Total nonoperating revenues (expenses)            | (213,378)                                   | 12,437          | 128,040      |
| Income before transfers and capital contributions | 2,672,091                                   | 72,530          | 2,227,975    |

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

| <u>Total</u>      | <u>Governmental<br/>Activities -<br/>Internal<br/>Service Funds</u> |
|-------------------|---|
| \$ 11,137,329     | \$ 3,723,256  |
| -                 | 1,102   |
| <u>11,137,329</u> | <u>3,724,358</u>  |
| 1,403,577         | 474,995   |
| 2,345,266         | 207,948   |
| 738,545           |   |
| 1,604,444         | 464,250   |
| -                 | 50,562  |
| -                 | <u>2,828,852</u>  |
| <u>6,091,832</u>  | <u>4,026,607</u>  |
| 5,045,497         | (302,249)   |
| 265,800           | 51,837  |
| 88,536            |   |
| 59,844            |   |
| -                 | 382,887   |
| -                 | 14,400  |
| -                 | (28,115)  |
| <u>(487,081)</u>  | <u>(13,147)</u>   |
| <u>(72,901)</u>   | <u>407,862</u>  |
| 4,972,596         | 105,613   |

(continued)

(continued)

|                                   | <u>Business-type Activities - Enterprise Funds</u> |                            |                       |
|-----------------------------------|--|----------------------------|-----------------------|
|                                   | <u>Water<br/>Fund</u>                              | <u>Sanitation<br/>Fund</u> | <u>Sewer<br/>Fund</u> |
| Transfers out                     |  |                            |                       |
| Capital contributions             | <u>20,160</u>                                      | <u></u>                    | <u>18,700</u>         |
| Change in net position            | 2,692,251  | 72,530                     | 2,246,675             |
| Net position at beginning of year | <u>21,184,100</u>                                  | <u>1,081,502</u>           | <u>13,534,542</u>     |
| Net position at end of year       | <u>\$ 23,876,351</u>                               | <u>\$ 1,154,032</u>        | <u>\$ 15,781,217</u>  |

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

| <u>Total</u>         | <u>Governmental<br/>Activities -<br/>Internal<br/>Service Funds</u> |
|----------------------|---|
| -                    | (400,000)   |
| <u>38,860</u>        | <u>                    </u>   |
| 5,011,456            | (294,387)   |
| <u>35,800,144</u>    | <u>7,199,037</u>  |
| <u>\$ 40,811,600</u> | <u>\$ 6,904,650</u>   |

Net change in net position - proprietary funds      \$ 5,011,456

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds are reported with business-type activities.

12,854

Change in net position of business-type activities

\$ 5,024,310

CITY OF STERLING, COLORADO  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2019

|   | Business-type Activities - Enterprise Funds |                 |              |
|---|---|-----------------|--------------|
|   | Water Fund                                  | Sanitation Fund | Sewer Fund   |
| Cash flows from operating activities                        |   |                 |              |
| Receipts from customers                                     | \$ 6,239,620                                | \$ 661,358      | \$ 3,935,914 |
| Internal activity - receipts from (payments to) other funds | (29,723)                                    |                 | 29,723       |
| Payments to providers                                       |   |                 |              |
| Payments to claimants                                       |   |                 |              |
| Payments to suppliers                                       | (2,230,636)                                 | (320,522)       | (866,162)    |
| Payments to employees                                       | (657,791)                                   | (200,796)       | (532,774)    |
| Net cash provided by operating activities                   | 3,321,470                                   | 140,040         | 2,566,701    |
| Cash flows from noncapital financing activities             |   |                 |              |
| Insurance proceeds  |   |                 |              |
| Federal and state grants                                    |   |                 |              |
| Transfers to other funds                                    |   |                 |              |
| Net cash used by noncapital financing activities            | -   | -               | -            |
| Cash flows from capital and related financing activities    |   |                 |              |
| Capital contributions                                       | 20,160                                      |                 | 18,700       |
| Receipts from rents and rights                              | 88,536                                      |                 |              |
| Reimbursements and other revenues                           | 59,844                                      |                 |              |
| Purchase of capital assets                                  | (312,985)                                   | (34,974)        | (203,770)    |
| Proceeds from sale of capital assets                        |   |                 |              |
| Principal paid on capital debt                              | (1,330,327)                                 |                 |              |
| Interest and fiscal charges paid on capital debt            | (533,129)                                   |                 |              |
| Net cash used by capital and related financing activities   | (2,007,901)                                 | (34,974)        | (185,070)    |

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

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| <u>Total</u>       | <u>Governmental<br/>Activities -<br/>Internal<br/>Service Funds</u> |
|--------------------|---|
| \$ 10,836,892      | \$ 3,729,897  |
| -                  | (2,828,852)   |
| -                  | (50,562)  |
| (3,417,320)        | (174,566)   |
| <u>(1,391,361)</u> | <u>(466,727)</u>  |
| 6,028,211          | 209,190   |
| -                  | 382,887   |
| -                  | 14,400  |
| <u>-</u>           | <u>(400,000)</u>  |
| -                  | (2,713)   |
| 38,860             |   |
| 88,536             |   |
| 59,844             |   |
| (551,729)          | (187,239)   |
| -                  | 129   |
| (1,330,327)        | (88,831)  |
| <u>(533,129)</u>   | <u>(16,189)</u>   |
| (2,227,945)        | (292,130)   |

(continued)

**CITY OF STERLING, COLORADO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2019**

(continued)

|   | Business-type Activities - Enterprise Funds |                   |                     |
|---|---|-------------------|---------------------|
|   | Water Fund                                  | Sanitation Fund   | Sewer Fund          |
| Cash flows from investing activities  |   |                   |                     |
| Proceeds from the sale of investments   | 2,065,000                                   | 145,000           | 85,000              |
| Earnings on investments   | 1,339                                       |                   |                     |
| Purchase of investments   | (3,398,000)                                 | (250,000)         | (2,480,000)         |
| Net cash provided (used) by investing activities  | (1,331,661)                                 | (105,000)         | (2,395,000)         |
| Net increase (decrease) in cash and cash equivalents  | (18,092)                                    | 66                | (13,369)            |
| Cash and cash equivalents at beginning of year  | 276,446                                     | 230,292           | 300,687             |
| Cash and cash equivalents at end of year  | <u>\$ 258,354</u>                           | <u>\$ 230,358</u> | <u>\$ 287,318</u>   |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities |   |                   |                     |
| Operating income (loss)   | \$ 2,885,469                                | \$ 60,093         | \$ 2,099,935        |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities |   |                   |                     |
| Depreciation and amortization   | 885,658                                     | 68,067            | 650,719             |
| Changes in assets and liabilities   |   |                   |                     |
| Receivables   | (100,132)                                   | (7,854)           | (192,451)           |
| Interfund items   | (29,723)                                    |                   | 29,723              |
| Inventory   | (46,078)                                    | 332               | (803)               |
| Accounts payable  | (272,560)                                   | 5,548             | (19,948)            |
| Accrued salaries and benefits payable   | 2,954                                       | 1,273             | 1,025               |
| Accrued compensated absences  | (4,118)                                     | 12,581            | (1,499)             |
| Net cash provided by operating activities   | <u>\$ 3,321,470</u>                         | <u>\$ 140,040</u> | <u>\$ 2,566,701</u> |
| Cash and cash equivalents at end of year consist of:  |   |                   |                     |
| Cash  | \$ 175,834                                  | \$ 230,358        | \$ 287,318          |
| Restricted cash with fiscal agent   | 82,520                                      |                   |                     |
| Total   | <u>\$ 258,354</u>                           | <u>\$ 230,358</u> | <u>\$ 287,318</u>   |

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

| <u>Total</u>        | <u>Governmental<br/>Activities -<br/>Internal<br/>Service Funds</u> |
|---------------------|---|
| 2,295,000           | 1,000,000   |
| 1,339               |   |
| <u>(6,128,000)</u>  | <u>(930,000)</u>  |
| (3,831,661)         | 70,000  |
| (31,395)            | (15,653)  |
| <u>807,425</u>      | <u>77,089</u>   |
| <u>\$ 776,030</u>   | <u>\$ 61,436</u>  |
| <br>                |   |
| \$ 5,045,497        | \$ (302,249)  |
| 1,604,444           | 464,250   |
| (300,437)           | 5,539   |
| (46,549)            |   |
| (286,960)           | 33,382  |
| 5,252               | 4,562   |
| 6,964               | 3,706   |
| <u>\$ 6,028,211</u> | <u>\$ 209,190</u>   |
| <br>                |   |
| \$ 693,510          | \$ 61,436   |
| 82,520              |   |
| <u>\$ 776,030</u>   | <u>\$ 61,436</u>  |

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies**

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

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

The more significant of the City's accounting policies are described below.

**A.1 – Reporting entity**

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

The City has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the Sterling Urban Renewal Authority (SURA) is included in the financial statements as a component unit of the City. The SURA was created by ordinance passed in 1978 by the City Council under authorization of State Statutes. The purpose of SURA is to acquire and develop or redevelop certain areas in the City to maintain public welfare. The financial statements of the SURA are included in the City's financial statements using discrete presentation, because the City officials appoint a voting majority of the organization's governing body and its tax increment financing indicates financial interdependency; however, the presentation is in a separate column to recognize legal separation from the City. Legal counsel is of the opinion that under State Statutes, the City is not liable with respect to any debt of the SURA. Complete financial statements of the SURA are not available as the entity is not required by Colorado Local Government Audit Laws to issue audited financial statements.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.2 – Fund accounting**

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

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

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

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

The following are the City’s nonmajor governmental funds:

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

Perpetual Care Fund – This fund is a special revenue fund established for the purpose of using revenues generated from investments for operations and care of the cemetery.

Karl Falch Library Trust Fund – This fund is a special revenue fund established to account for resources held by the City in a fiduciary capacity as willed by Karl Falch to be used for library purposes.

Hotel Tax Fund – This fund is a special revenue fund established to account for the hotel lodging tax revenues and allowable expenditures.

Library Improvement Fund – This fund is a special revenue fund established to account for contributions and expenditures related to the renovation of the municipal library. This fund was closed out during the year.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

Old Hire Police Pension Fund – This fund is a special revenue fund established to account for the proceeds of the idle pension funds in the Old Hire Police Pension Plan and expenditures thereof.

Capital Improvement Fund – This fund is a capital projects fund established to account for rental and sales proceeds from City owned land, with the proceeds being used to pay for capital improvements.

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

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

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

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

Fiduciary Funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the City's own programs. The City does not have any fiduciary funds.

Additionally, the City reports the following fund type:

Internal Service Funds – These funds account for insurance, fleet and service center management services provided to other departments or agencies of the City on a cost reimbursement basis.

**Note A.3 – Basis of presentation**

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

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

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

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

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

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

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

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.4 – Basis of accounting**

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

Revenues – exchange and 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.

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

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

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

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

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

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

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

**A.5 – Encumbrances**

Encumbrance accounting is utilized by the City to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year’s budget, therefore no amounts are reported in the financial statements. The City does not have any significant encumbrances outstanding at year-end.

**A.6 – Cash and cash investments**

The City has pooled the cash resources of its funds in order to maximize investment opportunities. Short-term investments, including government securities and certificates of deposit, are purchased with pooled cash. Interest earned is allocated to individual funds based on their proportional equity in each investment purchased. Certain funds have made disbursements for investments in excess of the fund’s individual equity. The deficit balances of these funds are reported as a liability “due to other funds.”

**A.7 – Cash and cash equivalents**

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

**A.8 – Short-term interfund receivables/payables**

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

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.9 – Receivables**

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

**A.10 – Prepaid items**

Prepaid items in governmental funds are accounted for using the consumption method, thereby deferring recognition of the expenditure until the period in which the prepaid items are used or consumed.

**A.11 – Inventories**

Inventories in the proprietary funds consist of supplies and are recorded at cost.

**A.12 – Capital assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

All capital assets with a unit cost greater than \$5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) have been capitalized on a prospective basis beginning in 2004.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized during the year.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note A – Summary of significant accounting policies (Continued)**

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

| <u>Description</u>                   | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> |
|--------------------------------------|------------------------------------|-------------------------------------|
| Buildings                            | 50 years                           | 40 years                            |
| Equipment                            | 10-25 years                        | 3-10 years                          |
| Improvements other than<br>buildings | 10-50 years                        | 25-50 years                         |
| Infrastructure                       | 6-50 years                         | n/a                                 |

**A.13 – Compensated absences**

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

Employees with a regular work period of forty (40) hours per week shall accrue the following amount of PTO on a biweekly basis for twenty-six (26) pay periods each year:

| <u>Years of service</u> | <u>Annual accrual hours</u> | <u>Maximum accrual</u> |
|-------------------------|-----------------------------|------------------------|
| 0-5 years               | 192 hours                   | 288 hours              |
| 6-9 years               | 216 hours                   | 288 hours              |
| 10-19 years             | 240 hours                   | 288 hours              |
| 20 & over               | 264 hours                   | 288 hours              |

Employees with a regular work period of one hundred seventy one (171) hours per month shall accrue the following amounts of PTO on a biweekly basis for twenty-six (26) pay periods each year:

| <u>Years of service</u> | <u>Annual accrual hours</u> | <u>Maximum accrual</u> |
|-------------------------|-----------------------------|------------------------|
| 0-5 years               | 210.94 hours                | 327.42 hours           |
| 6-9 years               | 236.68 hours                | 327.42 hours           |
| 10-19 years             | 262.42 hours                | 327.42 hours           |
| 20 & over               | 328.16 hours                | 327.42 hours           |

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

Employees with a regular work period of two hundred twelve (212) hours per month shall accrue the following amount of PTO on a biweekly basis for twenty-six (26) pay periods each year:

| <u>Years of service</u> | <u>Annual accrual hours</u> | <u>Maximum accrual</u> |
|-------------------------|-----------------------------|------------------------|
| 0-5 years               | 254.28 hours                | 383.04 hours           |
| 6-9 years               | 286.26 hours                | 383.04 hours           |
| 10-19 years             | 317.98 hours                | 383.04 hours           |
| 20 & over               | 349.96 hours                | 383.04 hours           |

Regular part-time employees working between twenty (20) and thirty (30) hours per week will receive a proportionate amount of PTO equivalent to the number of hours worked, with the exception that there will be no days granted as holidays to these persons. Employees working between thirty (30) and forty (40) hours per week will earn a proportionate amount of PTO at the same rate as other earnings.

Upon separation, employees will be paid for accrued but unused PTO up to the maximum limits as established by the City as follows:

| <u>Scheduled Work Periods</u> | <u>Maximum Hours Paid</u> |
|-------------------------------|---------------------------|
| 40 hours                      | 288.00 hours              |
| 171 hours                     | 327.42 hours              |
| 212 hours                     | 383.04 hours              |

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “accrued compensated absences” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of the compensated absences is reported as a fund liability.

The amounts recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

**A.14 – Accrued liabilities and long-term obligations**

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

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Compensated absences are reported as accrued in the government-wide and proprietary fund financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

**A.15 – Net position**

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

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

**A.16 – Operating revenues and expenses**

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

**A.17 – 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 interfund transactions, except interfund services provided and used, and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services that are provided and used are not eliminated in the process of consolidation.

CITY OF STERLING, COLORADO  
Notes to Financial Statements

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**Note A – Summary of significant accounting policies (Continued)**

**A.18 – Extraordinary and special items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the city council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

**A.19 – Fund balance**

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

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

- *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
- *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the city council (the City's highest level of decision-making authority),
- *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
- *Unassigned* fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. Assigned fund balance is established by the city council through adoption or amendment of the budget as intended for specific purpose (such as purchase of capital assets, construction, debt service or for other purposes).

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

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

Fund balances are reported as restricted or committed for the following purposes:

|   | <u>Restricted<br/>Fund Balance</u> | <u>Committed<br/>Fund Balance</u> |
|---|------------------------------------|-----------------------------------|
| Public safety – police department       | \$ 253,346                         | \$ -                              |
| Culture and recreation – parks          | 252,074                            | -                                 |
| Culture and recreation – library        | 33,198                             | -                                 |
| Culture and recreation – beautification | 867,661                            | -                                 |
| Capital improvements                    | -                                  | 225,936                           |
| Culture and recreation – museum         | -                                  | 90,523                            |
| Culture and recreation – arts           | -                                  | 55,700                            |
| Health and welfare – cemetery           | -                                  | <u>230,579</u>                    |
| Totals                                  | <u>\$ 1,406,279</u>                | <u>\$ 602,738</u>                 |

**Note B – Cash and investments**

**Cash and deposits**

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

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have deposit policy for custodial credit risk. As of year-end, the city had total deposits of \$1,280,152, of which \$250,000 were insured and \$1,030,152 was collateralized with securities held by the pledging institution's trust department or agent in the City's name.

**Investments**

Authorized investments – Investment policies are governed by Colorado State Statutes and the City's own investment policies and procedures. Investments of the City may include:

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note B – Cash and investments (Continued)**

- Obligations of the United States Government, such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

During the year, the City invested in Colostrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of December 31, 2019, the City had invested \$21,011,371 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

At year-end, the City had the following investments:

| <u>Investment type</u> | <u>Fair value</u>    | <u>Investment maturities (in years)</u> |             |             |
|------------------------|----------------------|---|-------------|-------------|
|                        |                      | <u>Less than 1</u>                      | <u>1-5</u>  | <u>6-10</u> |
| State investment pool  | <u>\$ 21,011,371</u> | <u>\$21,011,371</u>                     | <u>\$ -</u> | <u>\$ -</u> |

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The City has no investment policy that would further limit its investment choices. At year-end, the City’s investment in Colostrust was rated AAAM by Standard and Poor’s.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note C – Receivables**

Receivables at year-end consist of the following:

|                     | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total<br/>Receivables</u> |
|---------------------|------------------------------------|-------------------------------------|------------------------------|
| Utility accounts    | \$ -                               | \$ 1,183,781                        | \$ 1,183,781                 |
| Property taxes      | 1,222,526                          | -                                   | 1,222,526                    |
| Other taxes         | 822,266                            | -                                   | 822,266                      |
| Other               | 379,138                            | -                                   | 379,138                      |
| Special assessments | <u>2,642</u>                       | <u>-</u>                            | <u>2,642</u>                 |
| Total               | <u>\$ 2,426,572</u>                | <u>\$ 1,183,781</u>                 | <u>\$ 3,610,353</u>          |

Property taxes are levied on December 15<sup>th</sup> and attach as a lien on property the following January 1<sup>st</sup>. They are payable in full by April 30<sup>th</sup> or are due in two equal installments on February 28<sup>th</sup> and June 15<sup>th</sup>. Logan County bills and collects property taxes for all taxing entities within the County.

**Note D – Interfund transactions**

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

| <u>Due From</u> | <u>Due To</u> | <u>Amount</u>    |
|-----------------|---------------|------------------|
| Sewer Fund      | Water Fund    | <u>\$ 56,455</u> |

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

| <u>Transfers In</u> | <u>Transfers Out</u>     | <u>Amount</u>     |
|---------------------|--------------------------|-------------------|
| General Fund        | Other Governmental Funds | \$ 79,867         |
| General Fund        | Internal Service Funds   | <u>400,000</u>    |
| Total               |                          | <u>\$ 479,867</u> |

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note D – Interfund transactions (Continued)**

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The City annually transfers funds from the Other Governmental Funds (Perpetual Care Fund) to the General Fund to provide support for the maintenance of the cemetery. In addition, the City transferred funds from the Capital Improvement Fund and the Internal Service Funds (Risk Management and Health and Welfare Funds) to replenish General Fund reserves.

**Note E – Capital assets**

Capital asset activity for the year was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Additions/<br/>Adjustments</u> | <u>Deletions/<br/>Adjustments</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|-----------------------------------|-----------------------------------|---------------------------|
| <b>Governmental activities</b>              |                              |                                   |                                   |                           |
| Capital assets, not being depreciated:      |                              |                                   |                                   |                           |
| Land  | \$ 1,899,660                 | \$ -                              | \$ -                              | \$ 1,899,660              |
| Construction in progress                    | <u>-</u>                     | <u>796,758</u>                    | <u>-</u>                          | <u>796,758</u>            |
| Total capital assets, not being depreciated | 1,899,660                    | 796,758                           | -                                 | 2,696,418                 |
| Capital assets, being depreciated:          |                              |                                   |                                   |                           |
| Buildings                                   | 11,876,828                   | 411,833                           | -                                 | 12,288,661                |
| Equipment                                   | 10,565,109                   | 181,130                           | (47,608)                          | 10,698,631                |
| Improvements                                | 16,143,505                   | 42,806                            | -                                 | 16,186,311                |
| Infrastructure                              | <u>27,508,027</u>            | <u>597,188</u>                    | <u>-</u>                          | <u>28,105,215</u>         |
| Total capital assets, being depreciated     | <u>66,093,469</u>            | <u>1,232,957</u>                  | <u>(47,608)</u>                   | <u>67,278,818</u>         |
| Total capital assets                        | 67,993,129                   | 2,029,715                         | (47,608)                          | 69,975,236                |
| Less accumulated depreciation for:          |                              |                                   |                                   |                           |
| Buildings                                   | (5,458,282)                  | (251,164)                         | -                                 | (5,709,446)               |
| Equipment                                   | (5,804,351)                  | (507,673)                         | 19,365                            | (6,292,659)               |
| Improvements                                | (8,215,623)                  | (411,124)                         | -                                 | (8,626,747)               |
| Infrastructure                              | <u>(13,238,206)</u>          | <u>(578,501)</u>                  | <u>-</u>                          | <u>(13,816,707)</u>       |
| Total accumulated depreciation              | <u>(32,716,462)</u>          | <u>(1,748,462)</u>                | <u>19,365</u>                     | <u>(34,445,559)</u>       |
| Governmental activities capital assets, net | <u>\$ 35,276,667</u>         | <u>\$ 281,253</u>                 | <u>\$ (28,243)</u>                | <u>\$ 35,529,677</u>      |

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note E - Capital assets (Continued)**

|  | <u>Beginning<br/>Balance</u> | <u>Addition</u>       | <u>Deletions/<br/>Adjustments</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|-----------------------|-----------------------------------|---------------------------|
| <b>Business-type activities</b>              |                              |                       |                                   |                           |
| Capital assets, not being depreciated:       |                              |                       |                                   |                           |
| Land   | \$ 1,369,839                 | \$ -                  | \$ -                              | \$ 1,369,839              |
| Construction in progress                     | 2,442,518                    | 146,660               | (1,758,078)                       | 831,100                   |
| Water rights                                 | <u>707,637</u>               | <u>-</u>              | <u>-</u>                          | <u>707,637</u>            |
| Total capital assets, not being depreciated  | 4,519,994                    | 146,660               | (1,758,078)                       | 2,908,576                 |
| Capital assets, being depreciated            |                              |                       |                                   |                           |
| Buildings                                    | 5,944,483                    | -                     | -                                 | 5,944,483                 |
| Equipment                                    | 3,630,642                    | 174,939               | -                                 | 3,805,581                 |
| Improvements                                 | <u>60,670,055</u>            | <u>230,130</u>        | <u>1,758,078</u>                  | <u>62,658,263</u>         |
| Total capital assets, being depreciated      | <u>70,245,180</u>            | <u>405,069</u>        | <u>(1,758,078)</u>                | <u>72,408,327</u>         |
| Total capital assets                         | 74,765,174                   | 551,729               | -                                 | 75,316,903                |
| Less accumulated depreciation for:           |                              |                       |                                   |                           |
| Buildings                                    | (4,176,850)                  | (147,446)             | -                                 | (4,324,296)               |
| Equipment                                    | (2,724,721)                  | (175,457)             | -                                 | (2,900,178)               |
| Improvements                                 | <u>(22,138,354)</u>          | <u>(1,281,541)</u>    | <u>-</u>                          | <u>(23,419,895)</u>       |
| Total accumulated depreciation               | <u>(29,039,925)</u>          | <u>(1,604,444)</u>    | <u>-</u>                          | <u>(30,644,369)</u>       |
| Business-type activities capital assets, net | <u>\$ 45,725,249</u>         | <u>\$ (1,052,715)</u> | <u>\$ -</u>                       | <u>\$ 44,672,534</u>      |

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

|  |                     |
|--|---------------------|
| <b>Governmental activities</b>   |                     |
| General government   | \$ 40,066           |
| Public safety  | 77,529              |
| Public works   | 743,973             |
| Health and welfare   | 8,848               |
| Culture and recreation   | 413,796             |
| In addition, depreciation on capital assets held by the City's internal service funds is charged to the various functions based on the percentage of contribution to the fund. | <u>464,250</u>      |
| Total governmental activities  | <u>\$ 1,748,462</u> |

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note E – Capital assets (Continued)**

**Business-type activities**

|                                |                     |
|--------------------------------|---------------------|
| Water                          | \$ 885,658          |
| Sanitation                     | 68,067              |
| Sewer                          | <u>650,719</u>      |
| Total business-type activities | <u>\$ 1,604,444</u> |

**Note F – Long-term debt**

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

|                                | <u>Beginning<br/>Balances</u> | <u>Additions</u>  | <u>Reductions</u>  | <u>Ending<br/>Balances</u> | <u>Due within<br/>one year</u> |
|--------------------------------|-------------------------------|-------------------|--------------------|----------------------------|--------------------------------|
| <b>Governmental activities</b> |                               |                   |                    |                            |                                |
| Capital lease                  | \$ 430,265                    | \$ -              | \$ (88,831)        | \$ 341,434                 | \$ 92,205                      |
| Net pension liability          | 723,740                       | 486,253           | -                  | 1,209,993                  | -                              |
| Compensated absences           | <u>589,442</u>                | <u>10,467</u>     | <u>-</u>           | <u>599,909</u>             | <u>40,000</u>                  |
| Total                          | <u>\$ 1,743,447</u>           | <u>\$ 496,720</u> | <u>\$ (88,831)</u> | <u>\$ 2,151,336</u>        | <u>\$ 132,205</u>              |

The net pension liability and compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund.

|                                 | <u>Beginning<br/>Balances</u> | <u>Additions</u> | <u>Reductions</u>     | <u>Ending<br/>Balances</u> | <u>Due within<br/>one year</u> |
|---------------------------------|-------------------------------|------------------|-----------------------|----------------------------|--------------------------------|
| <b>Business-type activities</b> |                               |                  |                       |                            |                                |
| Notes from direct borrowings    | \$ 20,916,661                 | \$ -             | \$ (1,330,327)        | \$ 19,586,334              | \$ 1,353,363                   |
| Premium on notes                | 485,006                       | -                | (35,706)              | 449,300                    | -                              |
| Compensated absences            | <u>71,191</u>                 | <u>6,964</u>     | <u>-</u>              | <u>78,155</u>              | <u>5,000</u>                   |
| Totals                          | <u>\$ 21,472,858</u>          | <u>\$ 6,964</u>  | <u>\$ (1,366,033)</u> | <u>\$ 20,113,789</u>       | <u>\$ 1,358,363</u>            |

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note F – Long-term debt (Continued)**

**Capital lease obligations**

Air packs – The City has entered into an annually renewable lease and purchase option agreement for the acquisition of 35 MSA G1 complete air packs, which serve as collateral for the agreement. The City has capitalized \$201,015 of assets under this capital lease. This lease, dated March 30, 2014 requires annual payments of \$36,787 and has a fixed rate of 3.9%, with a final payment due April 1, 2020.

The agreement contains a provision that, in the event of default, the lessor may (a) provide written notice to the City, (b) declare due and payable any and all amounts which may be then due and payable under the lease, plus all rent payments remaining through the end of the then current fiscal year, and (c) require the City to immediately return the equipment of the lessor.

Fire truck – The City has entered into an annually renewable lease and purchase option agreement for the acquisition of a 2018 HME SFO Rescue Pumper Fire Truck, which serves as collateral for the agreement. The City has capitalized \$429,016 of assets under this capital lease. This lease, dated January 11, 2018 requires annual payments of \$68,234 and has a fixed rate of 3.74% interest, with a final payment due on January 11, 2024.

The agreement contains a provision that, in the event of default, the lessor may (a) provide written notice to the City to terminate the lease, (b) declare due and payable any and all amounts which may be then due and payable under the lease, plus all rent payments remaining through the end of the then current fiscal year, and (c) require the City to immediately return the equipment of the lessor.

**Notes payable**

The City entered into a \$28,558,845 note agreement with the Colorado Water Resources and Power Development Authority (the Authority) dated March 1, 2011, due in semi-annual installments ranging from \$275,515 to \$931,388 through 2032. The agreement provides for the disbursement of funds at the City's request to facilitate the construction of a 9.6 MGD water treatment plant, pumping facilities, raw water piping to convey raw water to the new treatment plant, finish water piping to convey potable water from the plant to the City's distribution system, and piping to convey concentrate from the plant to a deep injection well.

The loan agreement contains various covenants including the establishment and maintenance of an operations and maintenance reserve fund in an amount equal to three months of operation and maintenance expenses as set forth in the annual budget for the current fiscal year. Based on the current annual budget, three months of operations and maintenance expenses totaled \$1,369,865 (limited to \$1,250,000 as set forth in the loan agreement), which the City has funded with unobligated fund balances. The City must

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note F – Long-term debt (Continued)**

establish, impose and collect, rents, rates and other charges for the products and services provided by the system, which shall be at least sufficient, together with other amounts available therefore, and after meeting the operations and maintenance expenses of the system, to pay 110% of debt service coming due in such calendar year. The net operating revenues of the Water Fund were 218% of the current year's debt service.

The City's outstanding note from direct borrowings related to business-type activities of \$28,558,845 is secured with collateral from the net revenue from operations and use of the system as defined in the loan agreement. The outstanding note contains a provision that in an event of default as defined in the loan agreement, the Authority shall have the right to direct the Trustee to take any action permitted or required pursuant to the loan agreement and to take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce the performance and observance of any duty, covenant, obligation or agreement of the City hereunder, including, without limitation, to obtain ex parte the appointment of a receiver of the system.

The following schedule represents the City's debt service requirements to maturity for the outstanding long-term debt at year-end:

| <u>Year Ending December 31,</u> | <u>Governmental Activities</u> |                  | <u>Business-type Activities</u>     |                     |
|---------------------------------|--------------------------------|------------------|-------------------------------------|---------------------|
|                                 | <u>Capital Leases</u>          |                  | <u>Notes from Direct Borrowings</u> |                     |
|                                 | <u>Principal</u>               | <u>Interest</u>  | <u>Principal</u>                    | <u>Interest</u>     |
| 2020                            | \$ 92,205                      | \$ 12,815        | \$ 1,353,363                        | \$ 508,309          |
| 2021                            | 58,922                         | 9,312            | 1,376,399                           | 484,714             |
| 2022                            | 61,124                         | 7,110            | 1,399,435                           | 461,713             |
| 2023                            | 63,407                         | 4,827            | 1,422,471                           | 439,417             |
| 2024                            | 65,776                         | 2,458            | 1,445,507                           | 417,860             |
| 2025-2029                       | -                              | -                | 7,521,245                           | 1,784,549           |
| 2030-2032                       | -                              | -                | 5,067,914                           | 517,052             |
| Totals                          | <u>\$ 341,434</u>              | <u>\$ 36,522</u> | <u>\$19,586,334</u>                 | <u>\$ 4,613,614</u> |

**Note G – Risk management**

**Employee Benefits Fund**

Employee health and dental program – The City changed its health and dental program from a partially self-funded plan to a fully funded plan through County Health Pool. Current provisions of the plan provide benefits subject to a deductible ranging from \$0 - \$1,000, with an annual maximum out-of-pocket expense ranging from \$2,000 to \$2,500 per individual, and \$5,000 to \$6,000 per family. Employees are required to pay 10% of the premium, with the City paying the remaining 90%.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note G – Risk management (Continued)**

Life – All eligible employees receive life insurance coverage with a policy face value of \$20,000. All spouses are covered for \$2,000 and dependents are covered for \$1,000. This coverage is purchased through an outside insurance carrier.

Employee disability programs – The City has established a program which provides covered employees with disability benefits. The City contributes, on behalf of its employees who work a minimum of thirty (30) hours per week, sufficient amounts to provide for both short-term and long-term disability benefits as defined by the plan. Contributions are determined annually, and were initially established at \$.32 per \$10 of earnings for short-term disability coverage, and .81% of total covered payroll per month for long-term disability coverage.

Short-term disability – Current provisions of this plan provide for disability payments of 70% of weekly earnings up to a maximum of \$900 per week, less any amounts the employee receives, or is entitled to receive, under any state compulsory benefit act or law.

Long-term disability – Current provisions of this plan provide for disability payments of 60% of basic monthly earnings, not to exceed the maximum monthly benefit of \$3,500, less other income benefits. The maximum benefit period for employees who had not reached the age of 60 at the date of disability runs through age 65, with benefit periods ranging from sixty (60) months at age 60 to twelve (12) months for individuals age 69 and over.

**Risk Management Fund**

During 1990, The City joined the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool that provides member municipalities defined liability and property as well as workers compensation coverages through self-insurance, insurance, re-insurance or any combination thereof, and to assist members in loss prevention measures. The City pays an annual contribution to CIRSA for its insurance coverage. For the year, the City's financial contribution to CIRSA was \$559,941. CIRSA was organized to be self-sustaining through member contributions with excess coverages being purchased from commercial companies.

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. During 1990, the City established a Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of loss which amount to \$1,000 for property and liability claims. Under this program, the fund provides coverage up to \$150,000 per person and \$600,000 per occurrence for each property or general liability claim. All departments of the City participate in the program and make payments to the Risk Management Fund based on a historical cost basis of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. The City does not believe any accrued liability in excess of insurance limits is warranted at year-end based upon previous history of insurance claims. Settled claims resulting from any of the above risks have not exceeded the insurance coverages provided in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

**Note H – Pension plans**

**Statewide Defined Benefit Plan - Police**

Summary of significant accounting policies

*Pensions.* For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Defined Benefit Plan and additions to/deductions from Fire & Police Statewide Defined Benefit Plan's fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the pension plan

*Plan description.* The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980.

Employers once had the option to elect to withdraw from the Plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

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

*Benefits provided.* A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note H - Pension plans** (Continued)

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

*Contributions.* Contribution rates for the SWDB Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership.

Members of the SWDB Plan and their employers are contributing at the rate of 10 percent and 8 percent, respectively, of base salary for a total contribution rate of 18 percent in 2018. In 2014, the members elected to increase the member contribution rate to the SWDB Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22 percent of base salary in 2018. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the reentry group also had their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 5 percent and 4 percent, respectively, of base salary for a total contribution rate of 9 percent in 2018. Per the 2014 member election, members of the affiliate social security group will have their required member contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Contributions to the Plan from the City were \$95,916.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note H – Pension plans (Continued)**

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

At December 31, 2019 the City reported a liability of \$212,804 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2018, the City's proportion was .1683 percent, which was a decrease of .0042 percent from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$32,821. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Net difference between projected and actual investment earnings   | \$ 176,173                                    | \$ -   |
| Changes in assumptions and other inputs   | 213,346                                       |  |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 8,714   | 7,235  |
| Contributions subsequent to measurement date  | 95,916  |  |
| Difference between expected and actual experience   | <u>284,262</u>                                | <u>2,804</u>                                 |
| Totals  | <u>\$ 778,411</u>                             | <u>\$ 10,039</u>                             |

\$95,916 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the 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:

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note H – Pension plans (Continued)**

| Year Ended<br>December 31, | <u>Amount</u>     |
|----------------------------|-------------------|
| 2020                       | \$ 134,057        |
| 2021                       | 91,045            |
| 2022                       | 75,899            |
| 2023                       | 125,806           |
| 2024                       | 62,658            |
| 2025                       | 62,915            |
| 2026                       | 54,631            |
| 2027                       | 43,823            |
| 2028                       | <u>21,622</u>     |
| Totals                     | <u>\$ 672,456</u> |

*Actuarial assumptions.* The collective total pension liability as of December 31, 2018 is based upon the January 1, 2019 actuarial valuation, which was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                      | <u>Total Pension<br/>Liability</u> | <u>Actuarial<br/>Determined<br/>Contributions</u> |
|--------------------------------------|------------------------------------|---|
| Actuarial valuation date             | January 1, 2019                    | January 1, 2018                                   |
| Actuarial method                     | Entry age normal                   | Entry age normal                                  |
| Amortization method                  | N/A                                | Level % of payroll, open                          |
| Amortization period                  | N/A                                | 30 years  |
| Long-term investment rate of return* | 7.0%                               | 7.5%  |
| Projected salary increases*          | 4.25% - 11.25%                     | 4.0% - 14.0%                                      |
| Cost of living adjustments (COLA)    | 0%                                 | 0%  |
| * Includes inflation at              | 2.5%                               | 2.5%  |

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment protected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note H – Pension plans (Continued)**

At least every five years the FPPA’s Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA’s actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions for December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2018, are summarized in the following table:

| <u>Asset Class</u> | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected<br/>Rate of<br/>Return</u> |
|--------------------|------------------------------|--|
| Global Equity      | 37%                          | 8.03%  |
| Equity Long/Short  | 9%                           | 6.45%  |
| Private Markets    | 24%                          | 10.00%   |
| Fixed Income       | 15%                          | 2.90%  |
| Absolute Return    | 9%                           | 5.08%  |
| Managed Futures    | 4%                           | 5.35%  |
| Cash               | 2%                           | 2.52%  |
| Total              | <u>100%</u>                  |  |

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note H – Pension plans (Continued)**

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 3.71 percent (based on the weekly rate closest to but not later than the measurement date of the “state and local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

*Sensitivity of the City’s proportionate share of the net pension liability/(asset) to changes in the discount rate.* Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the City’s proportionate share of the net pension liability, calculated using a Single Discount Rate of 7.00 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

|   | 1% Decrease<br><u>(6.00%)</u> | Current<br>Discount<br><u>(7.00)</u> | 1% Increase<br><u>(8.00)</u> |
|---|-------------------------------|--------------------------------------|------------------------------|
| Proportionate share of the net<br>pension liability (asset) | <u>\$ 825,230</u>             | <u>\$ 212,804</u>                    | <u>\$ (295,191)</u>          |

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

Payables to the pension plan

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

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note H – Pension plans (Continued)**

**Statewide Defined Benefit Plan - Fire**

Summary of significant accounting policies

*Pensions.* For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Defined Benefit Plan and additions to/deductions from Fire & Police Statewide Defined Benefit Plan's fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the pension plan

*Plan description.* The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980.

Employers once had the option to elect to withdraw from the Plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

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

*Benefits provided.* A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note H - Pension plans (Continued)**

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

*Contributions.* Contribution rates for the SWDB Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership.

Members of the SWDB Plan and their employers are contributing at the rate of 10 percent and 8 percent, respectively, of base salary for a total contribution rate of 18 percent in 2018. In 2014, the members elected to increase the member contribution rate to the SWDB Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22 percent of base salary in 2018. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the reentry group also had their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 5 percent and 4 percent, respectively, of base salary for a total contribution rate of 9 percent in 2018. Per the 2014 member election, members of the affiliate social security group will have their required member contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Contributions to the Plan from the City were \$82,248.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note H – Pension plans (Continued)**

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

At December 31, 2019 the City reported a liability of \$196,874 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2018, the City's proportion was .1557 percent, which was a decrease of .0032 percent from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$25,714. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Net difference between projected and actual investment earnings   | \$ 158,132                                    | \$ -   |
| Changes in assumptions and other inputs   | 193,704                                       |  |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 9,638   | 4,721  |
| Contributions subsequent to measurement date  | 82,248  |  |
| Difference between expected and actual experience   | <u>259,263</u>                                | <u>2,314</u>                                 |
| Totals  | <u>\$ 702,985</u>                             | <u>\$ 7,035</u>                              |

\$82,248 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the 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:

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note H - Pension plans (Continued)**

| <u>Year Ended</u><br><u>December 31,</u> | <u>Amount</u>     |
|--|-------------------|
| 2020                                     | \$ 119,029        |
| 2021                                     | 83,257            |
| 2022                                     | 69,930            |
| 2023                                     | 115,894           |
| 2024                                     | 57,495            |
| 2025                                     | 57,417            |
| 2026                                     | 50,245            |
| 2027                                     | 40,531            |
| 2028                                     | <u>19,904</u>     |
| Totals                                   | <u>\$ 613,702</u> |

*Actuarial assumptions.* The collective total pension liability as of December 31, 2018 is based upon the January 1, 2019 actuarial valuation, which was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                      | <u>Total Pension</u><br><u>Liability</u> | <u>Actuarial</u><br><u>Determined</u><br><u>Contributions</u> |
|--------------------------------------|--|---|
| Actuarial valuation date             | January 1, 2019                          | January 1, 2018   |
| Actuarial method                     | Entry age normal                         | Entry age normal  |
| Amortization method                  | N/A                                      | Level % of payroll, open                                      |
| Amortization period                  | N/A                                      | 30 years  |
| Long-term investment rate of return* | 7.0%                                     | 7.5%  |
| Projected salary increases*          | 4.25% - 11.25%                           | 4.0% - 14.0%  |
| Cost of living adjustments (COLA)    | 0%                                       | 0%  |
| * Includes inflation at              | 2.5%                                     | 2.5%  |

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment protected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note H – Pension plans (Continued)**

At least every five years the FPPA’s Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA’s actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions for December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2018, are summarized in the following table:

| <u>Asset Class</u> | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected<br/>Rate of<br/>Return</u> |
|--------------------|------------------------------|--|
| Global Equity      | 37%                          | 8.03%  |
| Equity Long/Short  | 9%                           | 6.45%  |
| Private Markets    | 24%                          | 10.00%   |
| Fixed Income       | 15%                          | 2.90%  |
| Absolute Return    | 9%                           | 5.08%  |
| Managed Futures    | 4%                           | 5.35%  |
| Cash               | <u>2%</u>                    | 2.52%  |
| Total              | <u>100%</u>                  |  |

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note H - Pension plans (Continued)**

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 3.71 percent (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H. 15)); and the resulting Single Discount Rate is 7.00 percent.

*Sensitivity of the City's proportionate share of the net pension liability/(asset) to changes in the discount rate.* Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the City's proportionate share of the net pension liability, calculated using a Single Discount Rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

|   | 1% Decrease<br><u>(6.00%)</u> | Current<br>Discount<br><u>(7.00)</u> | 1% Increase<br><u>(8.00)</u> |
|---|-------------------------------|--------------------------------------|------------------------------|
| Proportionate share of the net<br>pension liability (asset) | \$ <u>763,182</u>             | \$ <u>196,804</u>                    | \$ <u>(272,997)</u>          |

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

Payables to the pension plan

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

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note H – Pension plans (Continued)**

**Sterling Volunteer Fire Department Pension Fund**

Summary of significant accounting policies

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

General information about the pension plan

*Plan administration.* The City's defined benefit pension plan for volunteers provides retirement and disability benefits and death benefits to plan members and beneficiaries. The plan is affiliated with the Fire and Police Member's Benefit Fund, an agent multiple-employer pension plan administered by the Fire and Police Pension Association (FPPA) of Colorado. Title 31, Article 30 of the Colorado Revised Statutes assigns the authority to establish and amend the benefit provisions of the plans that participate in FPPA to the respective member entities. The FPPA issues a publicly available financial report that includes financial statements and required supplementary information for Public Employee Retirement System (PERS) Affiliated Local Plans that can be obtained at [www.fppaco.org](http://www.fppaco.org).

Management of the Sterling Volunteer Fire Department Pension Fund is vested in the local Pension Board, which consists of the City Mayor, City Clerk, two persons appointed by the governing body of the City, and three representatives of the local fire department serving the City.

*Plan membership.* At December 31, 2018, pension plan membership consisted of the following:

|   |           |
|---|-----------|
| Inactive plan members or beneficiaries currently receiving benefits | 15        |
| Inactive plan members entitled to but not yet receiving benefits    | 3         |
| Active plan members   | <u>4</u>  |
| Total   | <u>22</u> |

*Benefits provided.* The plan provides retirement and death benefits. Any firefighter who has both reached the age of 50 and completed 20 years of active service shall be eligible for a monthly pension (currently \$300 per month). Vesting for reduced monthly pension benefits begins at 10 years of service, with full pension after 20 years. The plan also provides for a long-term disability for line of duty injury lifetime benefit of \$300, survivor benefits (currently \$150 per month) and a lump-sum funeral benefit of \$500 upon the death of an active or retired firefighter.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note H – Pension plans (Continued)**

*Contributions.* Contribution requirements of the plan are established under Title 31, Article 30 of the Colorado Revised Statutes. The plan is noncontributory regarding participants. Contributions to the plan for the year ended December 31, 2019 included \$12,493 from the State of Colorado matching funds and \$10,738 from the City.

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

At December 31, 2019 the City reported a net pension liability of \$99,506. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019.

For the year ended December 31, 2019, the City recognized pension expense of \$13,858. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Net difference between projected and actual investment earnings | \$ 17,284                                     | \$ -   |
| Changes in assumptions and other inputs                         | 17,941  | -  |
| Contributions subsequent to measurement date                    | 10,738  | -  |
| Difference between expected and actual experience               | <u>-</u>                                      | <u>3,704</u>                                 |
| Totals  | <u>\$ 45,963</u>                              | <u>\$ 3,704</u>                              |

\$10,738 reported as deferred outflows of resources related to pensions resulting from City 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 related to pensions will be recognized in pension expense as follows:

| <u>Year Ended<br/>December 31,</u> | <u>Amount</u>    |
|------------------------------------|------------------|
| 2020                               | \$ 13,341        |
| 2021                               | 9,438            |
| 2022                               | 2,469            |
| 2023                               | <u>6,273</u>     |
| Totals                             | <u>\$ 31,521</u> |

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note H – Pension plans (Continued)**

*Actuarial assumptions.* The total pension liability in the January 1, 2019 actuarial valuation 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                     | 2.50%  |
| Salary increases              | N/A  |
| Investment rate of return     | 7.00%  |
| Retirement age                | 50% per year of eligibility until 100% at age 65   |
| Mortality                     | <b>Pre-retirement:</b> 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.<br><b>Post-retirement:</b> 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.<br><b>Disabled:</b> 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. |

\* Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of a regularly scheduled experience study in 2018. The primary changes were:

- Reduced the investment rate of return from 7.5 percent to 7.0 percent.
- Revised the mortality tables.

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

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note H – Pension plans (Continued)**

percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2018, are summarized in the following table:

| <u>Asset Class</u> | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected<br/>Rate of<br/>Return</u> |
|--------------------|------------------------------|--|
| Cash               | 2.00%                        | 2.52%  |
| Fixed Income       | 15.00%                       | 2.90%  |
| Managed Futures    | 4.00%                        | 5.35%  |
| Absolute Return    | 9.00%                        | 5.08%  |
| Equity Long/Short  | 9.00%                        | 6.45%  |
| Global Equity      | 37.00%                       | 8.03%  |
| Private Markets    | <u>24.00%</u>                | 10.00%   |
| Total              | <u>100.00%</u>               |  |

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

For purposes of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the “state and local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note H – Pension plans (Continued)**

Changes in the net pension liability

|  | <u>Increase (Decrease)</u>               |  |  |
|--|--|--|--|
|  | Total Pension<br>Liability<br><u>(a)</u> | Plan Fiduciary<br>Position<br><u>(b)</u> | Net Pension<br>Liability<br><u>(a)-(b)</u> |
| Balances at beginning of year                        | \$ 488,568                               | \$ 427,937                               | \$ 60,631                                  |
| Changes for the year                                 |  |  |  |
| Service cost   | 2,822                                    | -  | 2,822                                      |
| Interest on total pension liability                  | 35,229                                   | -  | 35,229                                     |
| Benefit changes                                      | -  | -  | -  |
| Difference between expected and<br>actual experience | (38)                                     | -  | (38)                                       |
| Changes of assumptions                               | 21,620                                   | -  | 21,620                                     |
| Contributions – employer                             | -  | 13,881                                   | (13,881)                                   |
| Contributions – state of colorado                    | -  | 12,493                                   | (12,493)                                   |
| Net investment income                                | -  | (23)                                     | 23   |
| Benefit and refund payments                          | (41,220)                                 | (41,220)                                 | -  |
| Administrative expenses                              | -  | (5,593)                                  | 5,593                                      |
| Net changes  | <u>18,413</u>                            | <u>(20,462)</u>                          | <u>38,875</u>                              |
| Balances at end of year                              | <u>\$ 506,981</u>                        | <u>\$ 407,475</u>                        | <u>\$ 99,506</u>                           |

*Sensitivity of the City's net pension liability/(asset) to changes in the discount rate.* Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

|                       | 1% Decrease<br><u>(6.00%)</u> | Current<br>Discount<br><u>(7.00)</u> | 1% Increase<br><u>(8.00)</u> |
|-----------------------|-------------------------------|--------------------------------------|------------------------------|
| Net pension liability | <u>\$ 156,229</u>             | <u>\$ 99,506</u>                     | <u>\$ 52,477</u>             |

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Sterling Volunteer Fire Department Pension Fund financial report.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note H – Pension plans (Continued)**

Payables to the pension plan

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

**City of Sterling Old Hire Fire Pension Fund**

Summary of significant accounting policies

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

General information about the pension plan

*Plan administration.* The City contributes to the Fire Old Hire Pension Plan which is an affiliated local plan of the Public Employees Retirement System (PERS), an agent multiple-employer defined benefit pension plan administered by the Fire and Police Pension Association (FPPA) of Colorado. The pension plan provides retirement benefits, postretirement death and disability benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Currently the plan’s membership consists of four retired members. The City has elected to affiliate with FPPA to manage the pension plan’s assets for plan administration and investment purposes only. The FPPA Board of Directors is responsible for formulating official rules and regulations to implement state statutes governing fire and police pensions. These statutes may be found in Title 31, Article 30.5 of the *Colorado Revised Statutes (CRS)*, as amended. The FPPA issues a publicly available financial report that includes financial statements and required supplementary information for Public Employee Retirement System (PERS) Affiliated Local Plans that can be obtained at [www.fppaco.org](http://www.fppaco.org).

*Plan membership.* At December 31, 2018, pension plan membership consisted of the following:

|   |          |
|---|----------|
| Inactive plan members or beneficiaries currently receiving benefits | 4        |
| Inactive plan members entitled to but not yet receiving benefits    | -        |
| Active plan members   | -        |
|   | <hr/>    |
| Total   | <u>4</u> |

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note H – Pension plans (Continued)**

*Benefits provided.* The plan provides normal retirement and certain post-retirement death and disability benefits. Any firefighter who has both reached the age of 55 and completed 20 years of active service or, upon completing 25 years of active service, if earlier, shall be eligible for a monthly pension benefit equal to one-half of the average monthly salary received one year before retirement. The plan also provides a post-retirement death and disability benefit to the surviving spouse of a deceased retired firefighter in the amount of one-half of the monthly pension the officer was entitled to receive prior to death.

*Contributions.* The authority for establishing and amending the plan’s funding policy is governed by Title 31, Article 30.5 of the *CRS*, as amended. The City contributed \$75,480 to the plan in accordance with actuarially determined requirements based on the January 1, 2018 valuation. No contributions are required of plan members.

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

At December 31, 2019 the City reported a net pension liability of \$700,809. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$65,103. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Net difference between projected and actual investment earnings | \$ 29,041                                     | \$ -   |
| Contributions subsequent to measurement date                    | <u>75,480</u>                                 | <u>-</u>                                     |
| Totals  | <u>\$ 104,521</u>                             | <u>\$ -</u>                                  |

\$75,480 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note H - Pension plans (Continued)**

| Year Ended<br>December 31, | <u>Amount</u>    |
|----------------------------|------------------|
| 2020                       | \$ 12,647        |
| 2021                       | 4,626            |
| 2022                       | 1,546            |
| 2023                       | <u>10,222</u>    |
| Totals                     | <u>\$ 29,041</u> |

*Actuarial assumptions.* The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                               |   |
|-------------------------------|---|
| Actuarial valuation date      | January 1, 2018   |
| Actuarial cost method         | Entry age normal  |
| Amortization method           | Level dollar, open*   |
| Remaining amortization period | 19 years*   |
| Asset valuation method        | 5-year smoothed fair value  |
| Inflation                     | 2.50%   |
| Salary increases              | N/A   |
| Investment rate of return     | 7.50%   |
| Retirement age                | Any remaining actives are assumed to retire immediately   |
| Mortality                     | <b>Post-retirement:</b> 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.<br><b>Disabled (pre-1980):</b> RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% for females. |

\* Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

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

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note H – Pension plans (Continued)**

percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2018, are summarized in the following table:

| <u>Asset Class</u> | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected<br/>Rate of<br/>Return</u> |
|--------------------|------------------------------|--|
| Cash               | 2.00%                        | 2.52%  |
| Fixed Income       | 15.00%                       | 2.90%  |
| Managed Futures    | 4.00%                        | 5.35%  |
| Absolute Return    | 9.00%                        | 5.08%  |
| Equity Long/Short  | 9.00%                        | 6.45%  |
| Global Equity      | 37.00%                       | 8.03%  |
| Private Markets    | <u>24.00%</u>                | 10.00%   |
| Total              | <u>100.00%</u>               |  |

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

For purposes of this valuation, the long-term expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the “state and local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note H – Pension plans (Continued)**

Changes in the net pension liability

|  | <u>Increase (Decrease)</u> |                            |                          |
|--|----------------------------|----------------------------|--------------------------|
|  | Total Pension<br>Liability | Plan Fiduciary<br>Position | Net Pension<br>Liability |
|  | (a)                        | (b)                        | (a)-(b)                  |
| Balances at beginning of year                      | \$ 1,363,500               | \$ 700,391                 | \$ 663,109               |
| Changes for the year                               |                            |                            |                          |
| Service cost                                       | -                          | -                          | -                        |
| Interest on the total pension liability            | 97,872                     | -                          | 97,872                   |
| Benefit changes                                    | -                          | -                          | -                        |
| Differences between expected and actual experience | -                          | -                          | -                        |
| Changes of assumptions                             | -                          | -                          | -                        |
| Contributions – employer                           | -                          | 64,508                     | (64,508)                 |
| Net investment income                              | -                          | (720)                      | 720                      |
| Benefit payments                                   | (119,240)                  | (119,240)                  | -                        |
| Administrative expenses                            | -                          | (3,616)                    | 3,616                    |
| Net changes  | <u>(21,368)</u>            | <u>(59,068)</u>            | <u>37,700</u>            |
| Balances at end of year                            | <u>\$ 1,342,132</u>        | <u>\$ 641,323</u>          | <u>\$ 700,809</u>        |

*Sensitivity of the City's net pension liability/(asset) to changes in the discount rate.* Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

|                       | 1% Decrease<br><u>(6.50%)</u> | Current<br>Discount<br><u>(7.50)</u> | 1% Increase<br><u>(8.50)</u> |
|-----------------------|-------------------------------|--------------------------------------|------------------------------|
| Net pension liability | <u>\$ 816,092</u>             | <u>\$ 700,809</u>                    | <u>\$ 600,753</u>            |

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued City of Sterling Old Hire Fire Pension Fund financial report.

Payables to the pension plan

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

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note H - Pension plans (Continued)**

**Defined Contribution Plan**

The City contributes to the General Employees' Retirement Plan (the Plan), a defined contribution plan administered by Great West Retirement Services.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by City Council. The City's contribution is 5.37% of annual covered payroll. No contributions are required of employees. For the year, the City recognized pension expense of \$215,690.

Employees are immediately vested in City contributions and earnings on those contributions.

**Note I - Deferred compensation plans**

The City has three deferred compensation plans created in accordance with the Internal Revenue Code Section 457. The plans are administered by independent plan administrators through administrative service agreements. The plans are available to all permanent City employees. Employees defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death or financial hardship.

Amendments to the laws governing Section 457 deferred compensation plans substantially became effective January 1, 1997. The City approved plan amendments such that plan assets are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose.

**Note J - Stewardship, compliance and accountability**

Throughout the year the city council revised the budget through ordinances by adjusting revenue budgets and appropriations in many budgeted funds. The city council appropriated the budget as provided in its home rule charter, whereby the aggregate sum of \$31,665,870 was appropriated for all funds. Original and revised budgets, with corresponding actual expenditures on the budget basis of accounting are as follows:

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

**Note J – Stewardship, compliance and accountability (Continued)**

| Fund                          | Original<br>Budget<br>Appropriation | Budget as<br>Amended | Actual<br>Expenditures | Variance –<br>Favorable<br>(Unfavorable) |
|-------------------------------|-------------------------------------|----------------------|------------------------|--|
| General Fund                  | \$ 14,637,206                       | \$ 15,824,422        | \$ 14,121,151          | \$ 1,703,271                             |
| Water Fund                    | 6,971,689                           | 7,272,390            | 4,699,018              | 2,573,372                                |
| Sanitation Fund               | 654,608                             | 654,608              | 576,026                | 78,582                                   |
| Sewer Fund                    | 1,969,216                           | 2,134,039            | 1,581,481              | 552,558                                  |
| Hotel Tax Fund                | 3,250                               | 122,700              | 102,282                | 20,418                                   |
| Perpetual Care Fund           | 25,340                              | 25,340               | 24,188                 | 1,152                                    |
| Library Improvement Fund      | -                                   | 867                  | 867                    | -  |
| Conservation Trust Fund       | 133,550                             | 170,900              | 90,231                 | 80,669                                   |
| Karl Filch Library Trust Fund | 55                                  | 55                   | 55                     | -  |
| Old Hire Police Pension Fund  | 57,000                              | 95,900               | 95,749                 | 151                                      |
| Employee Benefits Fund        | 2,600,438                           | 2,602,938            | 2,473,514              | 129,424                                  |
| Service Center Fund           | 612,692                             | 618,651              | 595,051                | 23,600                                   |
| Risk Management Fund          | 803,899                             | 1,111,858            | 816,719                | 295,139                                  |
| Capital Replacement Fund      | 481,296                             | 504,531              | 366,290                | 138,241                                  |
| Capital Improvement Fund      | 110,310                             | 526,671              | 334,210                | 192,461                                  |
| Total                         | <u>\$ 29,060,549</u>                | <u>\$ 31,665,870</u> | <u>\$ 25,876,832</u>   | <u>\$ 5,789,038</u>                      |

**Note K – Commitments and contingencies**

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer’s Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the City under specified voting requirements by the entire electorate. On November 5, 1996, the voters of the City approved a ballot initiative permitting the City to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of TABOR. However, the City has made certain interpretations of TABOR’s language in order to determine its compliance. The City has restricted funds in the Risk Management Fund in the amount of \$440,000 for the emergency reserve.

**CITY OF STERLING, COLORADO**  
**Notes to Financial Statements**

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**Note K - Commitments and contingencies (Continued)**

Federal and state funding

The City receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures related to other grant programs which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Contingent liabilities

The City is a defendant in various threatened or pending legal action for property damages and other miscellaneous claims. The ultimate liability that might result from the financial resolution of these matters is not presently determinable. Adequate insurance is carried to cover actual damages in most cases. Management and legal counsel are of the opinion that the final outcome of the claims will not have a material adverse effect on the City's financial statements.

**Note L - City of Sterling Old Hire Police Pension Plan**

During the year, the City of Sterling Old Hire Police Pension Plan (the Plan) established that there were no remaining members or beneficiaries eligible to receive benefits. The City provided the required notice of publication and resolution requesting distribution of the balance from the Plan. The Fire & Police Pension Association's Board of Directors approved the distribution at their July 25, 2019 meeting as the City had satisfied the requirements for distribution of idle funds per the Colorado Revised Statutes (C.R.S.31-30.5-209). Accordingly, the net pension asset and related deferrals were written off in the current period.

## Required Supplementary Information

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

- Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset) – Fire & Police Statewide Defined Benefit Plan – Police
- Schedule of City Contributions – Fire & Police Statewide Defined Benefit Plan – Police
- Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset) – Fire & Police Statewide Defined Benefit Plan – Fire
- Schedule of City Contributions – Fire & Police Statewide Defined Benefit Plan – Fire
- Schedule of Changes in the City's Net Pension Liability/(Asset) and Related Ratios – Sterling Volunteer Fire Department Pension Fund
- Schedule of City Contributions – Sterling Volunteer Fire Department Pension Fund
- Schedule of Changes in the City's Net Pension Liability/(Asset) and Related Ratios – Sterling Old Hire Fire Pension Fund
- Schedule of City Contributions – Sterling Old Hire Fire Pension Fund
- Schedule of Changes in the City's Net Pension Liability/(Asset) and Related Ratios – Sterling Old Hire Police Pension Fund
- Schedule of City Contributions – Sterling Old Hire Police Pension Fund
- Budgetary Comparison Schedule – General Fund
- Notes to Required Supplementary Information

**CITY OF STERLING, COLORADO**

**Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset) <sup>1</sup>**

**Fire & Police Statewide Defined Benefit Plan - Police**

**December 31, 2019**

|  | 2019         | 2018         | 2017         | 2016         |
|--|--------------|--------------|--------------|--------------|
| City's proportion of the net pension liability/(asset)   | 0.1683%      | 0.1725%      | 0.1967%      | 0.2072%      |
| City's proportionate share of the net pension liability/(asset)  | \$ 212,804   | \$ (248,235) | \$ 71,075    | \$ (3,652)   |
| City's covered payroll   | \$ 1,085,459 | \$ 1,009,287 | \$ 1,006,672 | \$ 1,004,303 |
| City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll | -19.6%       | 24.6%        | 7.1%         | 0.4%         |
| Plan fiduciary net position as a percentage of the total pension liability/(asset)                     | 95.20%       | 106.30%      | 98.21%       | 100.10%      |

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

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

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| <u>2015</u>  | <u>2014</u>  |
|--------------|--------------|
| 0.2076%      | 0.2069%      |
| \$ (234,301) | \$ (185,025) |
| \$ 933,615   | \$ 898,738   |
| 25.1%        | 20.6%        |
| 106.80%      | 105.80%      |

**CITY OF STERLING, COLORADO**  
**Schedule of City Contributions <sup>1</sup>**  
**Fire & Police Statewide Defined Benefit Plan - Police**  
**December 31, 2019**

|  | <u>2019</u>     | <u>2018</u>     | <u>2017</u>     | <u>2016</u>     |
|--|-----------------|-----------------|-----------------|-----------------|
| Contractually required contribution                                  | \$ 95,916       | \$ 86,836       | \$ 80,742       | \$ 80,534       |
| Contributions in relation to the contractually required contribution | <u>(95,916)</u> | <u>(86,836)</u> | <u>(80,742)</u> | <u>(80,534)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| City's covered payroll   | \$ 1,198,950    | \$ 1,085,459    | \$ 1,009,287    | \$ 1,006,672    |
| Contributions as a percentage of covered payroll                     | 8.00%           | 8.00%           | 8.00%           | 8.00%           |

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

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| <u>2015</u>     | <u>2014</u>     | <u>2013</u>     |
|-----------------|-----------------|-----------------|
| \$ 80,345       | \$ 74,689       | \$ 71,899       |
| <u>(80,345)</u> | <u>(74,689)</u> | <u>(71,899)</u> |
| <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| \$ 1,004,303    | \$ 933,615      | \$ 898,738      |
| 8.00%           | 8.00%           | 8.00%           |

**CITY OF STERLING, COLORADO**

**Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset) <sup>1</sup>**

**Fire & Police Statewide Defined Benefit Plan - Fire**

**December 31, 2019**

|  | 2019         | 2018         | 2017       | 2016       |
|--|--------------|--------------|------------|------------|
| City's proportion of the net pension liability/(asset)   | 0.1557%      | 0.1589%      | 0.1731%    | 0.1723%    |
| City's proportionate share of the net pension liability/(asset)  | \$ 196,874   | \$ (228,623) | \$ 62,539  | \$ (3,037) |
| City's covered payroll   | \$ 1,006,405 | \$ 929,538   | \$ 885,777 | \$ 835,267 |
| City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll | 19.6%        | 24.6%        | 7.1%       | 0.4%       |
| Plan fiduciary net position as a percentage of the total pension liability/(asset)                     | 95.20%       | 106.30%      | 98.21%     | 100.10%    |

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

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

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| <u>2015</u>  | <u>2014</u>  |
|--------------|--------------|
| 0.1713%      | 0.1783%      |
| \$ (193,370) | \$ (159,423) |
| \$ 770,525   | \$ 774,375   |
| 25.1%        | 20.6%        |
| 106.80%      | 105.80%      |

**CITY OF STERLING, COLORADO**  
**Schedule of City Contributions** <sup>1</sup>  
**Fire & Police Statewide Defined Benefit Plan - Fire**  
**December 31, 2019**

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|  | <u>2019</u>     | <u>2018</u>     | <u>2017</u>     | <u>2016</u>     |
|--|-----------------|-----------------|-----------------|-----------------|
| Contractually required contribution                                  | \$ 82,248       | \$ 80,511       | \$ 74,363       | \$ 70,863       |
| Contributions in relation to the contractually required contribution | <u>(82,248)</u> | <u>(80,511)</u> | <u>(74,363)</u> | <u>(70,863)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| City's covered payroll   | \$ 1,028,100    | \$ 1,006,405    | \$ 929,538      | \$ 885,777      |
| Contributions as a percentage of covered payroll                     | 8.00%           | 8.00%           | 8.00%           | 8.00%           |

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

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| <u>2015</u>     | <u>2014</u>     | <u>2013</u>     |
|-----------------|-----------------|-----------------|
| \$ 66,821       | \$ 61,642       | \$ 61,950       |
| <u>(66,821)</u> | <u>(61,642)</u> | <u>(61,950)</u> |
| <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| \$ 835,267      | \$ 770,525      | \$ 774,375      |
| 8.00%           | 8.00%           | 8.00%           |

**CITY OF STERLING, COLORADO**

**Schedule of Changes in the City's Net Pension Liability/(Asset) and Related Ratios <sup>1</sup>  
Sterling Volunteer Fire Department Pension Fund  
Last 10 Fiscal Years**

|   | <u>2019</u>       | <u>2018</u>       | <u>2017</u>       |
|---|-------------------|-------------------|-------------------|
| <b>Total pension liability</b>  |                   |                   |                   |
| Service cost  | \$ 2,822          | \$ 2,822          | \$ 5,046          |
| Interest on the total pension liability   | 35,229            | 35,503            | 36,043            |
| Benefit changes   | -                 | -                 | -                 |
| Differences between expected and actual experience                                | (38)              | -                 | (14,390)          |
| Changes of assumptions  | 21,620            | -                 | 11,855            |
| Benefit payments  | (41,220)          | (42,720)          | (46,520)          |
| Net change in total pension liability   | 18,413            | (4,395)           | (7,966)           |
| Total pension liability - beginning   | 488,568           | 492,963           | 500,929           |
| Total pension liability - ending (a)  | <u>\$ 506,981</u> | <u>\$ 488,568</u> | <u>\$ 492,963</u> |
| <b>Plan fiduciary net position</b>  |                   |                   |                   |
| Contributions - employer  | \$ 13,881         | \$ 13,881         | \$ 13,881         |
| Net investment income   | (23)              | 55,262            | 19,972            |
| Benefit payments  | (41,220)          | (42,720)          | (46,520)          |
| Pension plan administrative expenses  | (5,593)           | (6,175)           | (877)             |
| State of Colorado supplemental discretionary payment                              | 12,493            | 12,493            | 15,026            |
| Net change in plan fiduciary net position   | (20,462)          | 32,741            | 1,482             |
| Plan fiduciary net position - beginning   | 427,937           | 395,196           | 393,714           |
| Plan fiduciary net position - ending (b)  | <u>\$ 407,475</u> | <u>\$ 427,937</u> | <u>\$ 395,196</u> |
| <b>City's net pension liability/(asset) - ending (a) - (b)</b>                    | <u>\$ 99,506</u>  | <u>\$ 60,631</u>  | <u>\$ 97,767</u>  |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | 80.37%            | 87.59%            | 80.17%            |
| <b>Covered payroll</b>  | N/A               | N/A               | N/A               |
| <b>City's net pension liability as a percentage of covered payroll</b>            | N/A               | N/A               | N/A               |

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

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

| <u>2016</u>       | <u>2015</u>       |
|-------------------|-------------------|
| \$ 5,046          | \$ 5,331          |
| 36,448            | 36,897            |
| -                 | -                 |
| -                 | 245               |
| -                 | -                 |
| <u>(47,270)</u>   | <u>(49,320)</u>   |
| (5,776)           | (6,847)           |
| <u>506,705</u>    | <u>513,552</u>    |
| <u>\$ 500,929</u> | <u>\$ 506,705</u> |

|                   |                   |
|-------------------|-------------------|
| \$ 16,696         | \$ 12,501         |
| 7,273             | 26,155            |
| (47,270)          | (49,320)          |
| (2,992)           | (987)             |
| <u>11,251</u>     | <u>11,251</u>     |
| (15,042)          | (400)             |
| <u>408,756</u>    | <u>409,156</u>    |
| <u>\$ 393,714</u> | <u>\$ 408,756</u> |

|                   |                  |
|-------------------|------------------|
| <u>\$ 107,215</u> | <u>\$ 97,949</u> |
|-------------------|------------------|

|        |        |
|--------|--------|
| 78.60% | 80.67% |
|--------|--------|

|     |     |
|-----|-----|
| N/A | N/A |
|-----|-----|

|     |     |
|-----|-----|
| N/A | N/A |
|-----|-----|

**CITY OF STERLING, COLORADO**  
**Schedule of City Contributions <sup>1</sup>**  
**Sterling Volunteer Fire Department Pension Fund**  
**Last 10 Fiscal Years**

| Year Ended<br>December 31, | Actuarially<br>Determined<br>Contribution | Actual<br>Contribution * | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll | Actuarial<br>Contribution<br>as a % of<br>Covered<br>Payroll |
|----------------------------|---|--------------------------|--|--------------------|--|
| (a)                        | (b)                                       | (c)                      | (d) = (b) - (c)                        | (e)                | (f)  |
| 2019                       | \$ 10,738                                 | \$ 23,231                | \$ (12,493)                            | N/A                | N/A  |
| 2018                       | 10,738                                    | 26,374                   | (15,636)                               | N/A                | N/A  |
| 2017                       | 13,881                                    | 26,374                   | (12,493)                               | N/A                | N/A  |
| 2016                       | 13,881                                    | 28,907                   | (15,026)                               | N/A                | N/A  |
| 2015                       | 16,696                                    | 27,947                   | (11,251)                               | N/A                | N/A  |
| 2014                       | 16,696                                    | 23,752                   | (7,056)                                | N/A                | N/A  |

\* Includes both employer and State of Colorado Supplemental Discretionary Payment.

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

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**CITY OF STERLING, COLORADO**

**Schedule of Changes in the City's Net Pension Liability/(Asset) and Related Ratios i  
Sterling Old Hire Fire Pension Fund  
Last 10 Fiscal Years**

|   | 2019                | 2018                | 2017                |
|---|---------------------|---------------------|---------------------|
| <b>Total pension liability</b>  |                     |                     |                     |
| Service cost  | \$ -                | \$ -                | \$ -                |
| Interest on the total pension liability   | 97,872              | 96,318              | 97,555              |
| Benefit changes   | -                   | -                   | -                   |
| Differences between expected and actual experience                                | -                   | 41,871              | -                   |
| Changes of assumptions  | -                   | -                   | -                   |
| Benefit payments  | (119,240)           | (115,767)           | (112,395)           |
| Net change in total pension liability   | (21,368)            | 22,422              | (14,840)            |
| Total pension liability - beginning   | 1,363,500           | 1,341,078           | 1,355,918           |
| Total pension liability - ending (a)  | <u>\$ 1,342,132</u> | <u>\$ 1,363,500</u> | <u>\$ 1,341,078</u> |
| <b>Plan fiduciary net position</b>  |                     |                     |                     |
| Contributions - employer  | \$ 64,508           | \$ 64,508           | \$ 50,937           |
| Contributions - employee  | -                   | -                   | -                   |
| Net investment income   | (720)               | 91,074              | 34,135              |
| Benefit payments  | (119,240)           | (115,767)           | (112,395)           |
| Pension plan administrative expenses  | (3,616)             | (1,253)             | (2,915)             |
| Net change in plan fiduciary net position   | (59,068)            | 38,562              | (30,238)            |
| Plan fiduciary net position - beginning   | 700,391             | 661,829             | 692,067             |
| Plan fiduciary net position - ending (b)  | <u>\$ 641,323</u>   | <u>\$ 700,391</u>   | <u>\$ 661,829</u>   |
| <b>City's net pension liability/(asset) - ending (a) - (b)</b>                    | <u>\$ 700,809</u>   | <u>\$ 663,109</u>   | <u>\$ 679,249</u>   |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | 47.78%              | 51.37%              | 49.35%              |
| <b>Covered payroll</b>  | N/A                 | N/A                 | N/A                 |
| <b>City's net pension liability as a percentage of covered payroll</b>            | N/A                 | N/A                 | N/A                 |

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

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

| 2016                | 2015                |
|---------------------|---------------------|
| \$ -                | \$ -                |
| 90,203              | 91,410              |
| -                   | -                   |
| 37,048              | -                   |
| 81,512              | -                   |
| (109,122)           | (105,943)           |
| 99,641              | (14,533)            |
| 1,256,277           | 1,270,810           |
| <u>\$ 1,355,918</u> | <u>\$ 1,256,277</u> |

|                   |                   |
|-------------------|-------------------|
| \$ 50,937         | \$ 50,937         |
| -                 | -                 |
| 13,088            | 47,348            |
| (109,122)         | (105,943)         |
| (1,360)           | (3,978)           |
| (46,457)          | (11,636)          |
| 738,524           | 750,160           |
| <u>\$ 692,067</u> | <u>\$ 738,524</u> |

|                   |                   |
|-------------------|-------------------|
| <u>\$ 663,851</u> | <u>\$ 517,753</u> |
|-------------------|-------------------|

|        |        |
|--------|--------|
| 51.04% | 58.79% |
| N/A    | N/A    |
| N/A    | N/A    |

**CITY OF STERLING, COLORADO**  
**Schedule of City Contributions <sup>1</sup>**  
**Sterling Old Hire Fire Pension Fund**  
**Last 10 Fiscal Years**

| Year Ended<br>December 31, | Actuarially<br>Determined<br>Contribution * | Actual<br>Contribution * | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll | Actuarial<br>Contribution<br>as a % of<br>Covered<br>Payroll |
|----------------------------|---|--------------------------|--|--------------------|--|
| (a)                        | (b)   | (c)                      | (d) = (b) - (c)                        | (e)                | (f)  |
| 2019                       | \$ 75,480                                   | \$ 75,480                | \$ -                                   | N/A                | N/A  |
| 2018                       | 64,508                                      | 64,508                   | \$ -                                   | N/A                | N/A  |
| 2017                       | 64,508                                      | 64,508                   | -                                      | N/A                | N/A  |
| 2016                       | 50,937                                      | 50,937                   | -                                      | N/A                | N/A  |
| 2015                       | 50,937                                      | 50,937                   | -                                      | N/A                | N/A  |
| 2014                       | 47,868                                      | 50,937                   | (3,069)                                | N/A                | N/A  |

\* Actuarially determined contribution is net of employee contributions. Actual contribution is from the employer only and does not include employee amounts.

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

**CITY OF STERLING, COLORADO**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2019**

|   | Budgeted Amounts |                | Actual        | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|---|------------------|----------------|---------------|---|
|   | Original         | Final          |               |   |
| Revenues  |                  |                |               |   |
| Taxes   | \$ 9,594,360     | \$ 9,615,262   | \$ 10,154,137 | \$ 538,875  |
| Licenses and permits                            | 176,000          | 176,000        | 252,166       | 76,166  |
| Intergovernmental                               | 2,180,126        | 2,674,586      | 2,078,854     | (595,732)   |
| Charges for services                            | 268,993          | 268,993        | 263,655       | (5,338)   |
| Fines and forfeitures                           | 94,500           | 94,500         | 66,625        | (27,875)  |
| Earnings on investments                         | 45,000           | 45,000         | 66,186        | 21,186  |
| Miscellaneous                                   | 997,295          | 1,123,654      | 1,102,584     | (21,070)  |
| Total revenues                                  | 13,356,274       | 13,997,995     | 13,984,207    | (13,788)  |
| Expenditures                                    |                  |                |               |   |
| Current   |                  |                |               |   |
| General government                              | 3,106,322        | 3,146,787      | 2,953,716     | 193,071   |
| Public safety                                   | 5,772,197        | 5,781,080      | 5,433,901     | 347,179   |
| Public works                                    | 2,465,588        | 3,295,312      | 2,871,780     | 423,532   |
| Health and welfare                              | 238,760          | 238,760        | 217,202       | 21,558  |
| Culture and recreation                          | 3,054,339        | 3,362,483      | 2,644,552     | 717,931   |
| Total expenditures                              | 14,637,206       | 15,824,422     | 14,121,151    | 1,703,271   |
| Excess of revenues over<br>(under) expenditures | (1,280,932)      | (1,826,427)    | (136,944)     | 1,689,483   |
| Other financing sources                         |                  |                |               |   |
| Transfers in                                    | 479,000          | 479,000        | 479,867       | 867   |
| Total other financing sources                   | 479,000          | 479,000        | 479,867       | 867   |
| Net change in fund balance                      | \$ (801,932)     | \$ (1,347,427) | 342,923       | \$ 1,690,350  |
| Fund balance at beginning<br>of year            |                  |                | 3,781,442     |   |
| Fund balance at end of year                     |                  |                | \$ 4,124,365  |   |

**CITY OF STERLING, COLORADO**  
**Notes to Required Supplementary Information**

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**Note A – Budgets and budgetary accounting**

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

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

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

- On or before September 20<sup>th</sup> of each year, or in conformity with the general state law, the city manager submits to the city council a budget which shall be a complete financial plan for the ensuing fiscal year.
- The budget may provide an additional amount as a reserve to meet and care for expenditures to be made from such fund during the months of January to April in the year following the year for which the budget and appropriation ordinance shall apply but the amount which may be included in such reserve shall not exceed 20 percent of the total amount appropriated and authorized to be expended during the budget year.
- At the same time the budget is submitted, the city manager shall also prepare an appropriation ordinance making a levy in mills upon all taxable property within the City for the ensuing fiscal year. A public hearing on the budget shall be held by city council two weeks after its submission. Notice of the time and place of said hearing shall be published within three days after the submission of the budget.
- Prior to December 15<sup>th</sup>, or in conformity with the general state law, the city council shall adopt the budget and the tax levy ordinance.

**CITY OF STERLING, COLORADO**  
**Notes to Required Supplementary Information**

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**Note A – Budgets and budgetary accounting (continued)**

- The city manager may, at any time, transfer an unencumbered appropriation balance, or portion thereof, from one classification of expenditure to another within the same department, office, agency or funds.
- Appropriations in addition to those contained in the budget shall be made only on the recommendation of the city manager and only if the director of finance certifies that there is available a cash surplus to meet such appropriations.
- Any portion of any annual appropriation remaining unexpended and unencumbered at the close of the budget year shall be declared surplus and included in the budget for the ensuing year as those appropriations lapse at year-end.

**Note B – Factors affecting trends in amounts reported in the pension schedules**

Information about factors that significantly affect trends in the amounts reported in the pension schedules is available in FPPA's comprehensive annual financial report which can be obtained at [www.fppaco.org/annual-reports.html](http://www.fppaco.org/annual-reports.html).

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### **Other Supplementary Information**

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

Such statements and schedules include:

- General Fund – Budgetary Comparison Schedules of Revenues and Expenditures
- Combining Statements and Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Enterprise Funds
- Combining Statements and Budgetary Comparison Schedules – Internal Service Funds
- Budgetary Comparison Schedule – Sterling Urban Renewal Authority

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## **General Fund**

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

CITY OF STERLING, COLORADO  
 General Fund  
 Budgetary Comparison Schedule - Revenues  
 For the Year Ended December 31, 2019

|                            | Budgeted Amounts |              |              | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|----------------------------|------------------|--------------|--------------|---|
|                            | Original         | Final        | Actual       |   |
| Taxes                      |                  |              |              |   |
| General property           | \$ 1,144,184     | \$ 1,144,184 | \$ 1,149,229 | \$ 5,045  |
| Specific ownership         | 125,000          | 125,000      | 139,022      | 14,022  |
| General sales and use      | 7,656,426        | 7,677,328    | 8,236,392    | 559,064   |
| Franchise                  | 653,600          | 653,600      | 613,719      | (39,881)  |
| Employee occupation        | 15,150           | 15,150       | 15,775       | 625   |
| Total taxes                | 9,594,360        | 9,615,262    | 10,154,137   | 538,875   |
| Licenses and permits       |                  |              |              |   |
| Business                   | 28,000           | 28,000       | 28,632       | 632   |
| Non-business               | 148,000          | 148,000      | 223,534      | 75,534  |
| Total licenses and permits | 176,000          | 176,000      | 252,166      | 76,166  |
| Intergovernmental          |                  |              |              |   |
| Federal and state grants   | 7,750            | 502,210      | 121,141      | (381,069)   |
| State shared revenue       | 533,648          | 533,648      | 576,007      | 42,359  |
| Road and bridge            | 75,000           | 75,000       | 67,058       | (7,942)   |
| Special districts          | 1,563,728        | 1,563,728    | 1,314,648    | (249,080)   |
| Total intergovernmental    | 2,180,126        | 2,674,586    | 2,078,854    | (595,732)   |
| Charges for services       |                  |              |              |   |
| General government         | 5,950            | 5,950        | 5,914        | (36)  |
| Public safety              | 6,225            | 6,225        | 6,160        | (65)  |
| Highways and streets       | 15,588           | 15,588       | 8,463        | (7,125)   |
| Health                     | 800              | 800          | 2,469        | 1,669   |
| Cemeteries                 | 26,800           | 26,800       | 30,070       | 3,270   |
| Culture and recreation     | 201,615          | 201,615      | 195,106      | (6,509)   |
| Museum fees                | 12,015           | 12,015       | 15,473       | 3,458   |
| Total charges for services | 268,993          | 268,993      | 263,655      | (5,338)   |

|                                      | Budgeted Amounts     |                      | Actual               | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|--------------------------------------|----------------------|----------------------|----------------------|---|
|                                      | Original             | Final                |                      |   |
| Fines and forfeitures                |                      |                      |                      |   |
| Court                                | 87,000               | 87,000               | 58,213               | (28,787)  |
| Library                              | 7,500                | 7,500                | 8,412                | 912   |
| Total fines and forfeitures          | 94,500               | 94,500               | 66,625               | (27,875)  |
| Earnings on investments              | 45,000               | 45,000               | 66,186               | 21,186  |
| Miscellaneous                        |                      |                      |                      |   |
| Rents                                | 46,500               | 46,500               | 49,389               | 2,889   |
| Fuel sales                           | 145,000              | 145,000              | 179,430              | 34,430  |
| Contributions                        | 3,000                | 4,000                | 31,989               | 27,989  |
| Refunds of expenditures              |                      |                      | 4,566                | 4,566   |
| Administrative cost<br>reimbursement | 738,545              | 738,545              | 738,545              | -   |
| Miscellaneous                        | 64,250               | 189,609              | 98,665               | (90,944)  |
| Total miscellaneous                  | 997,295              | 1,123,654            | 1,102,584            | (21,070)  |
| Total revenues                       | <u>\$ 13,356,274</u> | <u>\$ 13,997,995</u> | <u>\$ 13,984,207</u> | <u>\$ (13,788)</u>  |

CITY OF STERLING, COLORADO  
 General Fund  
 Budgetary Comparison Schedule - Expenditures  
 For the Year Ended December 31, 2019

|   | Budgeted Amounts |               | Actual        | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|---|------------------|---------------|---------------|---|
|   | Original         | Final         |               |   |
| General government                          |                  |               |               |   |
| City council                                | \$ 45,112        | \$ 61,277     | \$ 57,682     | \$ 3,595  |
| City manager                                | 394,125          | 394,125       | 377,162       | 16,963  |
| City attorney                               | 268,377          | 268,377       | 224,685       | 43,692  |
| Municipal court                             | 125,427          | 125,427       | 116,619       | 8,808   |
| Finance department                          | 562,010          | 572,310       | 569,363       | 2,947   |
| City hall and non-departmental<br>Personnel | 1,479,494        | 1,493,494     | 1,398,995     | 94,499  |
|   | 231,777          | 231,777       | 209,210       | 22,567  |
| Total general government                    | 3,106,322        | 3,146,787     | 2,953,716     | 193,071   |
| Public safety                               |                  |               |               |   |
| Police department                           | 2,282,942        | 2,295,471     | 2,272,026     | 23,445  |
| Dispatch center                             | 889,601          | 897,071       | 818,581       | 78,490  |
| Youth services                              | 118,914          | 118,914       | 113,813       | 5,101   |
| Fire department                             | 1,669,570        | 1,658,454     | 1,622,328     | 36,126  |
| Ambulance services                          | 811,170          | 811,170       | 607,153       | 204,017   |
| Total public safety                         | 5,772,197        | 5,781,080     | 5,433,901     | 347,179   |
| Public works                                |                  |               |               |   |
| Street division                             | 1,701,134        | 1,797,227     | 1,606,637     | 190,590   |
| Administration                              | 442,647          | 442,647       | 431,867       | 10,780  |
| Airport                                     | 321,807          | 1,055,438     | 833,276       | 222,162   |
| Total public works                          | 2,465,588        | 3,295,312     | 2,871,780     | 423,532   |
| Health and welfare                          |                  |               |               |   |
| Cemetery                                    | 238,760          | 238,760       | 217,202       | 21,558  |
| Culture and recreation                      |                  |               |               |   |
| Museum                                      | 558,681          | 584,209       | 376,955       | 207,254   |
| Parks                                       | 490,606          | 490,606       | 466,491       | 24,115  |
| Recreation center                           | 674,895          | 674,895       | 642,719       | 32,176  |
| Forestry                                    | 173,546          | 174,546       | 161,122       | 13,424  |
| Recreation division                         | 553,721          | 799,236       | 434,586       | 364,650   |
| Library                                     | 602,890          | 638,991       | 562,679       | 76,312  |
| Total culture and recreation                | 3,054,339        | 3,362,483     | 2,644,552     | 717,931   |
| Total expenditures                          | \$ 14,637,206    | \$ 15,824,422 | \$ 14,121,151 | \$ 1,703,271  |

**Combining Statements and Budgetary Comparison Schedules  
Nonmajor Governmental Funds**

The City reports the following nonmajor governmental funds:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Conservation Trust Fund – This fund was established to account for the state lottery proceeds and allowable expenditures.
- Perpetual Care Fund – This fund was established for the purpose of using revenue generated from investments and fees for operations and care of the cemetery.
- Karl Falch Library Trust Fund – This fund was established to account for resources held by the City of Sterling in a fiduciary capacity as willed by Karl Falch to be used for library purposes.
- Hotel Tax Fund – This fund was established to account for the hotel lodging tax revenues and allowable expenditures.
- Library Improvement Fund – This fund was established to account for contributions and expenditures related to the renovation of the municipal library. This fund was closed during the year.
- Old Hire Police Pension Fund – This fund was established to account for the proceeds of the idle pension funds in the Old Hire Police Pension Plan and expenditures thereof.

Capital Projects Fund – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Capital Improvement Fund – This fund was established to account for rental and sales proceeds from City owned land, with the proceeds being used to pay for capital improvements.

CITY OF STERLING, COLORADO  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 December 31, 2019

|                                       | Special Revenue Funds      |                        |                            |
|---------------------------------------|----------------------------|------------------------|----------------------------|
|                                       | Conservation<br>Trust Fund | Perpetual<br>Care Fund | Karl Falch<br>Library Fund |
| Assets                                |                            |                        |                            |
| Cash                                  |                            | \$ 2,036               | \$ 491                     |
| Investments                           | \$ 252,074                 | 228,543                | 32,707                     |
| Receivables                           |                            |                        |                            |
| Total assets                          | <u>\$ 252,074</u>          | <u>\$ 230,579</u>      | <u>\$ 33,198</u>           |
| Liabilities and fund balance          |                            |                        |                            |
| Liabilities                           |                            |                        |                            |
| Accounts payable                      |                            |                        |                            |
| Total liabilities                     | <u>\$ -</u>                | <u>\$ -</u>            | <u>\$ -</u>                |
| Fund balance                          |                            |                        |                            |
| Restricted for public safety          |                            |                        |                            |
| Restricted for culture and recreation | 252,074                    |                        | 33,198                     |
| Committed to capital improvements     |                            |                        |                            |
| Committed to health and welfare       |                            | 230,579                |                            |
| Total fund balance                    | <u>252,074</u>             | <u>230,579</u>         | <u>33,198</u>              |
| Total liabilities and fund balance    | <u>\$ 252,074</u>          | <u>\$ 230,579</u>      | <u>\$ 33,198</u>           |

| Special Revenue Funds |                              | Capital Projects Fund    |                     |
|-----------------------|------------------------------|--------------------------|---------------------|
| Hotel Tax Fund        | Old Hire Police Pension Fund | Capital Improvement Fund | Total               |
| \$ 26,911             | \$ 5                         | \$ 16,048                | \$ 45,491           |
| 847,835               | 253,341                      | 232,358                  | 1,846,858           |
| 8,036                 |                              | 214                      | 8,250               |
| <u>\$ 882,782</u>     | <u>\$ 253,346</u>            | <u>\$ 248,620</u>        | <u>\$ 1,900,599</u> |
| <br>                  |                              |                          |                     |
| \$ 15,121             |                              | \$ 22,684                | \$ 37,805           |
| 15,121                | \$ -                         | 22,684                   | 37,805              |
|                       | 253,346                      |                          | 253,346             |
| 867,661               |                              | 225,936                  | 1,152,933           |
|                       |                              |                          | 225,936             |
|                       |                              |                          | 230,579             |
| <u>867,661</u>        | <u>253,346</u>               | <u>225,936</u>           | <u>1,862,794</u>    |
| <u>\$ 882,782</u>     | <u>\$ 253,346</u>            | <u>\$ 248,620</u>        | <u>\$ 1,900,599</u> |

CITY OF STERLING, COLORADO  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the Year Ended December 31, 2019

|  | Special Revenue Funds      |                        |                            |
|--|----------------------------|------------------------|----------------------------|
|  | Conservation<br>Trust Fund | Perpetual<br>Care Fund | Karl Falch<br>Library Fund |
| Revenues                                     |                            |                        |                            |
| Taxes  |                            |                        |                            |
| Intergovernmental revenue                    | \$ 160,248                 |                        |                            |
| Earnings on investments                      | 4,854                      | \$ 5,363               | \$ 757                     |
| Charges for services                         |                            |                        |                            |
| Miscellaneous                                |                            | 12,400                 |                            |
| Total revenues                               | 165,102                    | 17,763                 | 757                        |
| Expenditures                                 |                            |                        |                            |
| Current                                      |                            |                        |                            |
| General government                           |                            |                        |                            |
| Public safety                                |                            |                        |                            |
| Health and welfare                           |                            | 20,188                 |                            |
| Culture and recreation                       | 90,231                     |                        | 55                         |
| Total expenditures                           | 90,231                     | 20,188                 | 55                         |
| Excess of revenues over (under) expenditures | 74,871                     | (2,425)                | 702                        |
| Other financing uses                         |                            |                        |                            |
| Transfers out                                |                            | (4,000)                |                            |
| Total other financing uses                   | -                          | (4,000)                | -                          |
| Net change in fund balance                   | 74,871                     | (6,425)                | 702                        |
| Fund balance at beginning of year            | 177,203                    | 237,004                | 32,496                     |
| Fund balance at end of year                  | \$ 252,074                 | \$ 230,579             | \$ 33,198                  |

| Special Revenue Funds |                                |                                    | Capital<br>Projects Fund       |              |
|-----------------------|--------------------------------|------------------------------------|--------------------------------|--------------|
| Hotel Tax<br>Fund     | Library<br>Improvement<br>Fund | Old Hire<br>Police Pension<br>Fund | Capital<br>Improvement<br>Fund | Total        |
| \$ 210,044            |                                |                                    |                                | \$ 210,044   |
| 18,791                |                                | \$ 2,897                           | \$ 10,929                      | 160,248      |
|                       |                                |                                    | 15,843                         | 43,591       |
|                       |                                | 289,187                            | 1,470                          | 15,843       |
|                       |                                |                                    |                                | 303,057      |
| 228,835               | \$ -                           | 292,084                            | 28,242                         | 732,783      |
|                       |                                |                                    | 259,210                        | 259,210      |
|                       |                                | 95,749                             |                                | 95,749       |
| 102,282               |                                |                                    |                                | 20,188       |
|                       |                                |                                    |                                | 192,568      |
| 102,282               | -                              | 95,749                             | 259,210                        | 567,715      |
| 126,553               | -                              | 196,335                            | (230,968)                      | 165,068      |
|                       | (867)                          |                                    | (75,000)                       | (79,867)     |
| -                     | (867)                          | -                                  | (75,000)                       | (79,867)     |
| 126,553               | (867)                          | 196,335                            | (305,968)                      | 85,201       |
| 741,108               | 867                            | 57,011                             | 531,904                        | 1,777,593    |
| \$ 867,661            | \$ -                           | \$ 253,346                         | \$ 225,936                     | \$ 1,862,794 |

CITY OF STERLING, COLORADO  
 Conservation Trust Fund  
 Budgetary Comparison Schedule  
 For the Year Ended December 31, 2019

|                                   | Budgeted Amounts |             | Actual     | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|-----------------------------------|------------------|-------------|------------|---|
|                                   | Original         | Final       |            |   |
| Revenues                          |                  |             |            |   |
| Intergovernmental revenue         | \$ 145,000       | \$ 145,000  | \$ 160,248 | \$ 15,248   |
| Earnings on investments           | 3,000            | 3,000       | 4,854      | 1,854   |
| Total revenues                    | 148,000          | 148,000     | 165,102    | 17,102  |
| Expenditures                      |                  |             |            |   |
| Current                           |                  |             |            |   |
| Culture and recreation            | 133,550          | 170,900     | 90,231     | 80,669  |
| Total expenditures                | 133,550          | 170,900     | 90,231     | 80,669  |
| Net change in fund balance        | \$ 14,450        | \$ (22,900) | 74,871     | \$ 97,771   |
| Fund balance at beginning of year |                  |             | 177,203    |   |
| Fund balance at end of year       |                  |             | \$ 252,074 |   |

CITY OF STERLING, COLORADO  
 Perpetual Care Fund  
 Budgetary Comparison Schedule  
 For the Year Ended December 31, 2019

|   | Budgeted Amounts  |                   | Actual            | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|---|-------------------|-------------------|-------------------|---|
|   | Original          | Final             |                   |   |
| Revenues  |                   |                   |                   |   |
| Earnings on investments                         | \$ 4,000          | \$ 4,000          | \$ 5,363          | \$ 1,363  |
| Miscellaneous                                   | 13,200            | 13,200            | 12,400            | (800)   |
| Total revenues                                  | 17,200            | 17,200            | 17,763            | 563   |
| Expenditures                                    |                   |                   |                   |   |
| Current   |                   |                   |                   |   |
| Health and welfare                              | 21,340            | 21,340            | 20,188            | 1,152   |
| Total expenditures                              | 21,340            | 21,340            | 20,188            | 1,152   |
| Excess of revenues over<br>(under) expenditures | (4,140)           | (4,140)           | (2,425)           | 1,715   |
| Other financing uses                            |                   |                   |                   |   |
| Transfers out                                   | (4,000)           | (4,000)           | (4,000)           | -   |
| Net change in fund balance                      | <u>\$ (8,140)</u> | <u>\$ (8,140)</u> | (6,425)           | <u>\$ 1,715</u>   |
| Fund balance at beginning of year               |                   |                   | 237,004           |   |
| Fund balance at end of year                     |                   |                   | <u>\$ 230,579</u> |   |

CITY OF STERLING, COLORADO  
 Karl Falch Library Fund  
 Budgetary Comparison Schedule  
 For the Year Ended December 31, 2019

|                                   | Budgeted Amounts |        | Actual    | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|-----------------------------------|------------------|--------|-----------|---|
|                                   | Original         | Final  |           |   |
| Revenues                          |                  |        |           |   |
| Earnings on investments           | \$ 600           | \$ 600 | \$ 757    | \$ 157  |
| Total revenues                    | 600              | 600    | 757       | 157   |
| Expenditures                      |                  |        |           |   |
| Current                           |                  |        |           |   |
| Culture and recreation            | 55               | 55     | 55        | -   |
| Total expenditures                | 55               | 55     | 55        | -   |
| Net change in fund balance        | \$ 545           | \$ 545 | 702       | \$ 157  |
| Fund balance at beginning of year |                  |        | 32,496    |   |
| Fund balance at end of year       |                  |        | \$ 33,198 |   |

CITY OF STERLING, COLORADO  
Hotel Tax Fund  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2019

|                                   | Budgeted Amounts |            | Actual     | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|-----------------------------------|------------------|------------|------------|---|
|                                   | Original         | Final      |            |   |
| Revenues                          |                  |            |            |   |
| Hotel lodging tax                 | \$ 220,000       | \$ 220,000 | \$ 210,044 | \$ (9,956)  |
| Earnings on investments           | 11,000           | 11,000     | 18,791     | 7,791   |
| Total revenues                    | 231,000          | 231,000    | 228,835    | (2,165)   |
| Expenditures                      |                  |            |            |   |
| Current                           |                  |            |            |   |
| Culture and recreation            | 3,250            | 122,700    | 102,282    | 20,418  |
| Total expenditures                | 3,250            | 122,700    | 102,282    | 20,418  |
| Net change in fund balance        | \$ 227,750       | \$ 108,300 | 126,553    | \$ (22,583)   |
| Fund balance at beginning of year |                  |            | 741,108    |   |
| Fund balance at end of year       |                  |            | \$ 867,661 |   |

CITY OF STERLING, COLORADO  
 Library Improvement Fund  
 Budgetary Comparison Schedule  
 For the Year Ended December 31, 2019

|   | Budgeted Amounts |          | Actual | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|---|------------------|----------|--------|---|
|   | Original         | Final    |        |   |
| Revenues  |                  |          |        |   |
| Earnings on investments                         | \$ -             | \$ -     | \$ -   | \$ -  |
| Total revenues                                  | -                | -        | -      | -   |
| Expenditures                                    |                  |          |        |   |
| Current   |                  |          |        |   |
| Culture and recreation                          |                  |          |        | -   |
| Total expenditures                              | -                | -        | -      | -   |
| Excess of revenues over<br>(under) expenditures | -                | -        | -      | -   |
| Other financing uses                            |                  |          |        |   |
| Transfers out                                   | -                | (867)    | (867)  | -   |
| Net change in fund balance                      | \$ -             | \$ (867) | (867)  | \$ -  |
| Fund balance at beginning of year               |                  |          | 867    |   |
| Fund balance at end of year                     |                  |          | \$ -   |   |

CITY OF STERLING, COLORADO  
 Old Hire Police Pension Fund  
 Budgetary Comparison Schedule  
 For the Year Ended December 31, 2019

|                                   | Budgeted Amounts |            | Actual     | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|-----------------------------------|------------------|------------|------------|---|
|                                   | Original         | Final      |            |   |
| Revenues                          |                  |            |            |   |
| Earnings on investments           | \$ 750           | \$ 750     | \$ 2,897   | \$ 2,147  |
| Proceeds                          |                  | 289,187    | 289,187    | -   |
| Total revenues                    | 750              | 289,937    | 292,084    | 2,147   |
| Expenditures                      |                  |            |            |   |
| Current                           |                  |            |            |   |
| Public safety                     | 57,000           | 95,900     | 95,749     | 151   |
| Total expenditures                | 57,000           | 95,900     | 95,749     | 151   |
| Net change in fund balance        | \$ (56,250)      | \$ 194,037 | 196,335    | \$ 2,298  |
| Fund balance at beginning of year |                  |            | 57,011     |   |
| Fund balance at end of year       |                  |            | \$ 253,346 |   |

CITY OF STERLING, COLORADO  
 Capital Improvement Fund  
 Budgetary Comparison Schedule  
 For the Year Ended December 31, 2019

|   | Budgeted Amounts   |                     | Actual            | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|---|--------------------|---------------------|-------------------|---|
|   | Original           | Final               |                   |   |
| Revenues  |                    |                     |                   |   |
| Earnings on investments                         | \$ 9,500           | \$ 9,500            | \$ 10,929         | \$ 1,429  |
| Rents   | 15,110             | 15,110              | 15,843            | 733   |
| Miscellaneous                                   |                    |                     | 1,470             | 1,470   |
| Total revenues                                  | 24,610             | 24,610              | 28,242            | 3,632   |
| Expenditures                                    |                    |                     |                   |   |
| Current   |                    |                     |                   |   |
| General government                              | 35,310             | 451,671             | 259,210           | 192,461   |
| Total expenditures                              | 35,310             | 451,671             | 259,210           | 192,461   |
| Excess of revenues over<br>(under) expenditures | (10,700)           | (427,061)           | (230,968)         | 196,093   |
| Other financing uses                            |                    |                     |                   |   |
| Transfers out                                   | (75,000)           | (75,000)            | (75,000)          | -   |
| Net change in fund balance                      | <u>\$ (85,700)</u> | <u>\$ (502,061)</u> | <u>(305,968)</u>  | <u>\$ 196,093</u>   |
| Fund balance at beginning of year               |                    |                     | <u>531,904</u>    |   |
| Fund balance at end of year                     |                    |                     | <u>\$ 225,936</u> |   |

## Budgetary Comparison Schedules – Enterprise Funds

The City reports the following major proprietary funds:

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

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

CITY OF STERLING, COLORADO  
Water Fund  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2019

|   | Budgeted Amounts |              |              | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|---|------------------|--------------|--------------|---|
|   | Original         | Final        | Actual       |   |
| Operating revenues                                |                  |              |              |   |
| Charges for services                              | \$ 7,078,692     | \$ 7,078,692 | \$ 6,339,752 | \$ (738,940)  |
| Total operating revenues                          | 7,078,692        | 7,078,692    | 6,339,752    | (738,940)   |
| Operating expenses                                |                  |              |              |   |
| Personnel   | 676,626          | 676,626      | 656,627      | 19,999  |
| Maintenance and supplies                          | 2,367,483        | 2,481,476    | 1,454,098    | 1,027,378   |
| Administrative cost allocation                    | 457,900          | 457,900      | 457,900      | -   |
| Capital purchases                                 | 1,606,224        | 1,792,932    | 312,985      | 1,479,947   |
| Total operating expenses                          | 5,108,233        | 5,408,934    | 2,881,610    | 2,527,324   |
| Operating income                                  | 1,970,459        | 1,669,758    | 3,458,142    | 1,788,384   |
| Nonoperating revenues (expenses)                  |                  |              |              |   |
| Earnings on investments                           | 52,500           | 52,500       | 125,323      | 72,823  |
| Rents and rights                                  | 73,863           | 73,863       | 88,536       | 14,673  |
| Miscellaneous                                     | 3,814            | 3,814        | 59,844       | 56,030  |
| Principal paid on notes                           | (1,330,327)      | (1,330,327)  | (1,330,327)  | -   |
| Interest and fiscal charges                       | (533,129)        | (533,129)    | (487,081)    | 46,048  |
| Total nonoperating revenues<br>(expenses)         | (1,733,279)      | (1,733,279)  | (1,543,705)  | 189,574   |
| Net income (loss) before<br>capital contributions | 237,180          | (63,521)     | 1,914,437    | 1,977,958   |

|  | Budgeted Amounts  |                    | Actual               | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|--|-------------------|--------------------|----------------------|---|
|  | Original          | Final              |                      |   |
| Capital contributions                  | 26,500            | 26,500             | 20,160               | (6,340)   |
| Change in net position                 | <u>\$ 263,680</u> | <u>\$ (37,021)</u> | 1,934,597            | <u>\$ 1,971,618</u>   |
| Adjustments to GAAP Basis              |                   |                    |                      |   |
| Add capital purchases                  |                   |                    | 312,985              |   |
| Add principal paid on notes            |                   |                    | 1,330,327            |   |
| Deduct depreciation                    |                   |                    | <u>(885,658)</u>     |   |
| Change in net position -<br>GAAP Basis |                   |                    | 2,692,251            |   |
| Net position at beginning of year      |                   |                    | <u>21,184,100</u>    |   |
| Net position at end of year            |                   |                    | <u>\$ 23,876,351</u> |   |

CITY OF STERLING, COLORADO  
Sanitation Fund  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2019

|  | Budgeted Amounts |            | Actual       | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|--|------------------|------------|--------------|---|
|  | Original         | Final      |              |   |
| Operating revenues                     |                  |            |              |   |
| Charges for services                   | \$ 650,312       | \$ 650,312 | \$ 669,212   | \$ 18,900   |
| Total operating revenues               | 650,312          | 650,312    | 669,212      | 18,900  |
| Operating expenses                     |                  |            |              |   |
| Personnel                              | 244,447          | 244,447    | 214,650      | 29,797  |
| Maintenance and supplies               | 324,179          | 324,179    | 240,420      | 83,759  |
| Administrative cost allocation         | 85,982           | 85,982     | 85,982       | -   |
| Capital purchases                      |                  |            | 34,974       | (34,974)  |
| Total operating expenses               | 654,608          | 654,608    | 576,026      | 78,582  |
| Operating income (loss)                | (4,296)          | (4,296)    | 93,186       | 97,482  |
| Nonoperating revenues                  |                  |            |              |   |
| Earnings on investments                | 5,000            | 5,000      | 12,437       | 7,437   |
| Total nonoperating revenues            | 5,000            | 5,000      | 12,437       | 7,437   |
| Change in net position                 | \$ 704           | \$ 704     | 105,623      | \$ 104,919  |
| Adjustments to GAAP Basis              |                  |            |              |   |
| Add capital purchases                  |                  |            | 34,974       |   |
| Deduct depreciation                    |                  |            | (68,067)     |   |
| Change in net position -<br>GAAP Basis |                  |            | 72,530       |   |
| Net position at beginning of year      |                  |            | 1,081,502    |   |
| Net position at end of year            |                  |            | \$ 1,154,032 |   |

CITY OF STERLING, COLORADO  
Sewer Fund  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2019

|   | Budgeted Amounts |              | Actual        | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|---|------------------|--------------|---------------|---|
|   | Original         | Final        |               |   |
| Operating revenues                      |                  |              |               |   |
| Charges for services                    | \$ 2,962,632     | \$ 2,962,632 | \$ 4,128,365  | \$ 1,165,733  |
| Total operating revenues                | 2,962,632        | 2,962,632    | 4,128,365     | 1,165,733   |
| Operating expenses                      |                  |              |               |   |
| Personnel                               | 520,391          | 520,391      | 532,300       | (11,909)  |
| Maintenance and supplies                | 771,162          | 768,265      | 650,748       | 117,517   |
| Administrative cost allocation          | 194,663          | 194,663      | 194,663       | -   |
| Capital purchases                       | 483,000          | 650,720      | 203,770       | 446,950   |
| Total operating expenses                | 1,969,216        | 2,134,039    | 1,581,481     | 552,558   |
| Operating income                        | 993,416          | 828,593      | 2,546,884     | 1,718,291   |
| Nonoperating revenues                   |                  |              |               |   |
| Earnings on investments                 | 41,381           | 41,381       | 128,040       | 86,659  |
| Total nonoperating revenues             | 41,381           | 41,381       | 128,040       | 86,659  |
| Net income before capital contributions | 1,034,797        | 869,974      | 2,674,924     | 1,804,950   |
| Capital contributions                   | 22,743           | 22,743       | 18,700        | (4,043)   |
| Change in net position                  | \$ 1,057,540     | \$ 892,717   | 2,693,624     | \$ 1,800,907  |
| Adjustments to GAAP Basis               |                  |              |               |   |
| Add capital purchases                   |                  |              | 203,770       |   |
| Deduct depreciation and amortization    |                  |              | (650,719)     |   |
| Change in net position - GAAP Basis     |                  |              | 2,246,675     |   |
| Net position at beginning of year       |                  |              | 13,534,542    |   |
| Net position at end of year             |                  |              | \$ 15,781,217 |   |

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**Combining Statements and Budgetary Comparison Schedules -  
Internal Service Funds**

Internal Service Funds – These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

The City reports the following internal service funds:

- Capital Replacement Fund – This fund was established to account and provide for equipment for the General Fund. Each division within the General Fund will provide monies via transfers based on the current asset holdings and provide for future year purchases.
- Employee Benefits Fund – This fund was established to provide medical and life insurance benefits for City benefits.
- Risk Management Fund – This fund was established to account for and finance the City's uninsured risk of loss. The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. This fund provides coverage up to \$150,000 per person and \$600,000 per occurrence for each property or general liability claim. There are various other limits carried depending upon the circumstances. All departments of the City participate in the program and make payments to the Risk Management Fund based on historical cost basis of amounts needed and to pay prior and current year claims and to establish a reserve for that and catastrophe losses.
- Service Center Fund – This fund was established to account for warehouse services to various funds of the City.

CITY OF STERLING, COLORADO  
Internal Service Funds  
Combining Statement of Net Position  
December 31, 2019

|   | Capital<br>Replacement<br>Fund | Employee<br>Benefits<br>Fund | Risk<br>Management<br>Fund |
|---|--------------------------------|------------------------------|----------------------------|
| <b>Assets</b>                                   |                                |                              |                            |
| Current assets                                  |                                |                              |                            |
| Cash  | \$ 13,667                      | \$ 14,457                    | \$ 16,198                  |
| Investments                                     | 555,738                        | 396,858                      | 995,956                    |
| Receivables                                     |                                | 97                           |                            |
| Total current assets                            | 569,405                        | 411,412                      | 1,012,154                  |
| Noncurrent assets                               |                                |                              |                            |
| Construction in progress                        | 110,136                        |                              |                            |
| Capital assets, net of accumulated depreciation | 3,354,227                      |                              |                            |
| Total noncurrent assets                         | 3,464,363                      | -                            | -                          |
| Total assets                                    | <u>\$ 4,033,768</u>            | <u>\$ 411,412</u>            | <u>\$ 1,012,154</u>        |
| <b>Liabilities</b>                              |                                |                              |                            |
| Current liabilities                             |                                |                              |                            |
| Accounts payable                                | \$ 33,400                      | \$ 288                       | \$ 1,500                   |
| Accrued salaries and benefits payable           |                                |                              |                            |
| Accrued interest payable                        | 12,470                         |                              |                            |
| Current portion of capital lease obligation     | 92,205                         |                              |                            |
| Total current liabilities                       | 138,075                        | 288                          | 1,500                      |
| Long-term liabilities                           |                                |                              |                            |
| Accrued compensated absences                    |                                |                              |                            |
| Capital lease obligation                        | 249,229                        |                              |                            |
| Total long-term liabilities                     | 249,229                        | -                            | -                          |
| Total liabilities                               | 387,304                        | 288                          | 1,500                      |
| <b>Net position</b>                             |                                |                              |                            |
| Net investment in capital assets                | 3,122,929                      |                              |                            |
| Restricted for emergencies                      |                                |                              | 440,000                    |
| Unrestricted                                    | 523,535                        | 411,124                      | 570,654                    |
| Total net position                              | 3,646,464                      | 411,124                      | 1,010,654                  |
| Total liabilities and net position              | <u>\$ 4,033,768</u>            | <u>\$ 411,412</u>            | <u>\$ 1,012,154</u>        |

| Service<br>Center<br>Fund | Total               |
|---------------------------|---------------------|
| \$ 17,114                 | \$ 61,436           |
| 267,915                   | 2,216,467           |
|                           | 97                  |
| <u>285,029</u>            | <u>2,278,000</u>    |
|                           | 110,136             |
| <u>1,600,594</u>          | <u>4,954,821</u>    |
| <u>1,600,594</u>          | <u>5,064,957</u>    |
| <u>\$ 1,885,623</u>       | <u>\$ 7,342,957</u> |
| <br>                      |                     |
| \$ 1,614                  | \$ 36,802           |
| 13,183                    | 13,183              |
|                           | 12,470              |
|                           | 92,205              |
| <u>14,797</u>             | <u>154,660</u>      |
|                           |                     |
| 34,418                    | 34,418              |
|                           | 249,229             |
| <u>34,418</u>             | <u>283,647</u>      |
| <u>49,215</u>             | <u>438,307</u>      |
|                           |                     |
| 1,600,594                 | 4,723,523           |
|                           | 440,000             |
| <u>235,814</u>            | <u>1,741,127</u>    |
| <u>1,836,408</u>          | <u>6,904,650</u>    |
| <u>\$ 1,885,623</u>       | <u>\$ 7,342,957</u> |

CITY OF STERLING, COLORADO

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Year Ended December 31, 2019

|  | Capital<br>Replacement<br>Fund | Employee<br>Benefits<br>Fund | Risk<br>Management<br>Fund |
|--|--------------------------------|------------------------------|----------------------------|
| Operating revenues                       |                                |                              |                            |
| Charges for services                     | \$ 314,276                     | \$ 2,270,393                 | \$ 545,766                 |
| Miscellaneous                            |                                |                              | 1,102                      |
| Total operating revenues                 | 314,276                        | 2,270,393                    | 546,868                    |
| Operating expenses                       |                                |                              |                            |
| Claims                                   |                                |                              | 50,562                     |
| Premiums                                 |                                | 2,267,583                    | 561,269                    |
| Personnel                                |                                |                              |                            |
| Maintenance and supplies                 | 77,073                         | 5,931                        | 4,888                      |
| Depreciation and amortization            | 373,268                        |                              |                            |
| Total operating expenses                 | 450,341                        | 2,273,514                    | 616,719                    |
| Operating loss                           | (136,065)                      | (3,121)                      | (69,851)                   |
| Nonoperating revenues (expenses)         |                                |                              |                            |
| Earnings on investments                  | 13,681                         | 11,134                       | 20,598                     |
| Insurance proceeds                       |                                |                              | 382,887                    |
| Federal and state grants                 | 14,400                         |                              |                            |
| Gain (loss) on disposal of assets        | (28,115)                       |                              |                            |
| Debt service interest and fiscal charges | (13,147)                       |                              |                            |
| Total nonoperating revenues (expenses)   | (13,181)                       | 11,134                       | 403,485                    |
| Net income (loss) before transfers       | (149,246)                      | 8,013                        | 333,634                    |
| Transfers out                            |                                | (200,000)                    | (200,000)                  |
| Change in net position                   | (149,246)                      | (191,987)                    | 133,634                    |
| Net position at beginning of year        | 3,795,710                      | 603,111                      | 877,020                    |
| Net position at end of year              | \$ 3,646,464                   | \$ 411,124                   | \$ 1,010,654               |

| Service<br>Center<br>Fund | Total        |
|---------------------------|--------------|
| \$ 592,821                | \$ 3,723,256 |
|                           | 1,102        |
| 592,821                   | 3,724,358    |
|                           | 50,562       |
|                           | 2,828,852    |
| 474,995                   | 474,995      |
| 120,056                   | 207,948      |
| 90,982                    | 464,250      |
| 686,033                   | 4,026,607    |
| (93,212)                  | (302,249)    |
| 6,424                     | 51,837       |
|                           | 382,887      |
|                           | 14,400       |
|                           | (28,115)     |
|                           | (13,147)     |
| 6,424                     | 407,862      |
| (86,788)                  | 105,613      |
|                           | (400,000)    |
| (86,788)                  | (294,387)    |
| 1,923,196                 | 7,199,037    |
| \$ 1,836,408              | \$ 6,904,650 |

**CITY OF STERLING, COLORADO**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended December 31, 2019**

|  | Capital<br>Replacement<br>Fund | Employee<br>Benefits<br>Fund | Risk<br>Management<br>Fund |
|--|--------------------------------|------------------------------|----------------------------|
| <b>Cash flows from operating activities</b>                        |                                |                              |                            |
| Receipts from customers  | \$ 314,276                     | \$ 2,270,698                 | \$ 546,868                 |
| Payments to providers  |                                | (2,267,583)                  | (561,269)                  |
| Payments to claimants  |                                |                              | (50,562)                   |
| Payments to suppliers  | (43,673)                       | (6,147)                      | (5,388)                    |
| Payments to employees  |                                |                              |                            |
| <b>Net cash provided (used) by operating activities</b>            | <b>270,603</b>                 | <b>(3,032)</b>               | <b>(70,351)</b>            |
| <b>Cash flows from noncapital financing activities</b>             |                                |                              |                            |
| Insurance proceeds   |                                |                              | 382,887                    |
| Federal and state grant funds                                      | 14,400                         |                              |                            |
| Transfers to other funds   |                                | (200,000)                    | (200,000)                  |
| <b>Net cash provided (used) by noncapital financing activities</b> | <b>14,400</b>                  | <b>(200,000)</b>             | <b>182,887</b>             |
| <b>Cash flows from capital and related financing activities</b>    |                                |                              |                            |
| Purchase of capital assets   | (187,239)                      |                              |                            |
| Proceeds from sale of capital assets                               | 129                            |                              |                            |
| Principal paid on capital lease obligations                        | (88,831)                       |                              |                            |
| Interest and fiscal charges paid on capital debt                   | (16,189)                       |                              |                            |
| <b>Net cash used by capital and related financing activities</b>   | <b>(292,130)</b>               | <b>-</b>                     | <b>-</b>                   |
| <b>Cash flows from investing activities</b>                        |                                |                              |                            |
| Sale of investments  | 232,000                        | 185,000                      | 215,000                    |
| Purchase of investments  | (230,000)                      |                              | (325,000)                  |
| <b>Net cash provided (used) by investing activities</b>            | <b>2,000</b>                   | <b>185,000</b>               | <b>(110,000)</b>           |
| <b>Net change in cash and cash equivalents</b>                     | <b>(5,127)</b>                 | <b>(18,032)</b>              | <b>2,536</b>               |
| <b>Cash and cash equivalents at beginning of year</b>              | <b>18,794</b>                  | <b>32,489</b>                | <b>13,662</b>              |
| <b>Cash and cash equivalents at end of year</b>                    | <b>\$ 13,667</b>               | <b>\$ 14,457</b>             | <b>\$ 16,198</b>           |

| Service<br>Center<br>Fund | Total        |
|---------------------------|--------------|
| \$ 598,055                | \$ 3,729,897 |
|                           | (2,828,852)  |
|                           | (50,562)     |
| (119,358)                 | (174,566)    |
| (466,727)                 | (466,727)    |
| 11,970                    | 209,190      |
|                           | 382,887      |
|                           | 14,400       |
|                           | (400,000)    |
| -                         | (2,713)      |
|                           | (187,239)    |
|                           | 129          |
|                           | (88,831)     |
|                           | (16,189)     |
| -                         | (292,130)    |
| 368,000                   | 1,000,000    |
| (375,000)                 | (930,000)    |
| (7,000)                   | 70,000       |
| 4,970                     | (15,653)     |
| 12,144                    | 77,089       |
| \$ 17,114                 | \$ 61,436    |

(continued)

CITY OF STERLING, COLORADO  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Year Ended December 31, 2019

| (continued)   | Capital<br>Replacement<br>Fund | Employee<br>Benefits<br>Fund | Risk<br>Management<br>Fund |
|---|--------------------------------|------------------------------|----------------------------|
| Reconciliation of operating loss to net cash provided (used) by operating activities        |                                |                              |                            |
| Operating loss  | \$ (136,065)                   | \$ (3,121)                   | \$ (69,851)                |
| Adjustments to reconcile operating loss to net cash provided (used) by operating activities |                                |                              |                            |
| Depreciation and amortization   | 373,268                        |                              |                            |
| Changes in operating assets and liabilities   |                                |                              |                            |
| Accounts receivable   |                                | 305                          |                            |
| Accounts payable  | 33,400                         | (216)                        | (500)                      |
| Accrued salaries and benefits payable   |                                |                              |                            |
| Accrued compensated absences  |                                |                              |                            |
| Net cash provided (used) by operating activities  | <u>\$ 270,603</u>              | <u>\$ (3,032)</u>            | <u>\$ (70,351)</u>         |

---

| Service<br>Center<br>Fund | Total             |
|---------------------------|-------------------|
| \$ (93,212)               | \$ (302,249)      |
| 90,982                    | 464,250           |
| 5,234                     | 5,539             |
| 698                       | 33,382            |
| 4,562                     | 4,562             |
| 3,706                     | 3,706             |
| <u>\$ 11,970</u>          | <u>\$ 209,190</u> |

**CITY OF STERLING, COLORADO**  
**Capital Replacement Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2019**

|   | Budgeted Amounts |              | Actual       | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|---|------------------|--------------|--------------|---|
|   | Original         | Final        |              |   |
| Operating revenues                        |                  |              |              |   |
| Charges for services                      | \$ 310,676       | \$ 310,676   | \$ 314,276   | \$ 3,600  |
| Total operating revenues                  | 310,676          | 310,676      | 314,276      | 3,600   |
| Operating expenses                        |                  |              |              |   |
| Maintenance and supplies                  | 935              | 935          | 935          | -   |
| Noncapital purchases                      |                  |              | 76,138       | (76,138)  |
| Capital purchases                         | 480,361          | 503,596      | 187,239      | 316,357   |
| Total operating expenses                  | 481,296          | 504,531      | 264,312      | 240,219   |
| Operating income (loss)                   | (170,620)        | (193,855)    | 49,964       | 243,819   |
| Nonoperating revenues (expenses)          |                  |              |              |   |
| Earnings on investments                   | 16,500           | 16,500       | 13,681       | (2,819)   |
| Federal and state grants                  |                  | 14,400       | 14,400       | -   |
| Proceeds from sale of assets              |                  |              | 129          | 129   |
| Principal paid on lease                   |                  |              | (88,831)     | (88,831)  |
| Interest and fiscal charges               |                  |              | (13,147)     | (13,147)  |
| Total nonoperating revenues<br>(expenses) | 16,500           | 30,900       | (73,768)     | (104,668)   |
| Change in net position                    | \$ (154,120)     | \$ (162,955) | (23,804)     | \$ 139,151  |
| Adjustments to GAAP Basis                 |                  |              |              |   |
| Add principal paid on lease               |                  |              | 88,831       |   |
| Add capital purchases                     |                  |              | 187,239      |   |
| Deduct net book value of disposed assets  |                  |              | (28,244)     |   |
| Deduct depreciation                       |                  |              | (373,268)    |   |
| Change in net position -<br>GAAP Basis    |                  |              | (149,246)    |   |
| Net position at beginning of year         |                  |              | 3,795,710    |   |
| Net position at end of year               |                  |              | \$ 3,646,464 |   |

CITY OF STERLING, COLORADO  
Employee Benefits Fund  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2019

|                                   | Budgeted Amounts |              | Actual       | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|-----------------------------------|------------------|--------------|--------------|---|
|                                   | Original         | Final        |              |   |
| Operating revenues                |                  |              |              |   |
| Charges for services              | \$ 2,396,688     | \$ 2,399,188 | \$ 2,270,393 | \$ (128,795)  |
| Total operating revenues          | 2,396,688        | 2,399,188    | 2,270,393    | (128,795)   |
| Operating expenses                |                  |              |              |   |
| Premiums                          | 2,396,688        | 2,399,188    | 2,267,583    | 131,605   |
| Maintenance and supplies          | 3,750            | 3,750        | 5,931        | (2,181)   |
| Total operating expenses          | 2,400,438        | 2,402,938    | 2,273,514    | 129,424   |
| Operating loss                    | (3,750)          | (3,750)      | (3,121)      | 629   |
| Nonoperating revenues             |                  |              |              |   |
| Earnings on investments           | 10,500           | 10,500       | 11,134       | 634   |
| Total nonoperating revenues       | 10,500           | 10,500       | 11,134       | 634   |
| Net income before transfers       | 6,750            | 6,750        | 8,013        | 1,263   |
| Transfers out                     | (200,000)        | (200,000)    | (200,000)    | -   |
| Change in net position            | \$ (193,250)     | \$ (193,250) | (191,987)    | \$ 1,263  |
| Net position at beginning of year |                  |              | 603,111      |   |
| Net position at end of year       |                  |              | \$ 411,124   |   |

CITY OF STERLING, COLORADO  
Risk Management Fund  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2019

|   | Budgeted Amounts |              | Actual       | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|---|------------------|--------------|--------------|---|
|   | Original         | Final        |              |   |
| Operating revenues                        |                  |              |              |   |
| Charges for services                      | \$ 543,645       | \$ 543,645   | \$ 545,766   | \$ 2,121  |
| Miscellaneous                             | 2,000            | 2,000        | 1,102        | (898)   |
| Total operating revenues                  | 545,645          | 545,645      | 546,868      | 1,223   |
| Operating expenses                        |                  |              |              |   |
| Claims                                    | 50,000           | 357,959      | 50,562       | 307,397   |
| Premiums                                  | 553,189          | 553,189      | 561,269      | (8,080)   |
| Maintenance and supplies                  | 710              | 710          | 4,888        | (4,178)   |
| Total operating expenses                  | 603,899          | 911,858      | 616,719      | 295,139   |
| Operating loss                            | (58,254)         | (366,213)    | (69,851)     | 296,362   |
| Nonoperating revenues (expenses)          |                  |              |              |   |
| Insurance proceeds                        | 15,000           | 307,410      | 382,887      | 75,477  |
| Earnings on investments                   | 15,500           | 15,500       | 20,598       | 5,098   |
| Total nonoperating revenues<br>(expenses) | 30,500           | 322,910      | 403,485      | 80,575  |
| Net income (loss) before transfers        | (27,754)         | (43,303)     | 333,634      | 376,937   |
| Transfers out                             | (200,000)        | (200,000)    | (200,000)    | -   |
| Change in net position                    | \$ (227,754)     | \$ (243,303) | 133,634      | \$ 376,937  |
| Net position at beginning of year         |                  |              | 877,020      |   |
| Net position at end of year               |                  |              | \$ 1,010,654 |   |

**CITY OF STERLING, COLORADO**  
**Service Center Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2019**

|  | Budgeted Amounts |             | Actual       | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|--|------------------|-------------|--------------|---|
|  | Original         | Final       |              |   |
| Operating revenues                     |                  |             |              |   |
| Charges for services                   | \$ 592,821       | \$ 592,821  | \$ 592,821   | \$ -  |
| Total operating revenues               | 592,821          | 592,821     | 592,821      | -   |
| Operating expenses                     |                  |             |              |   |
| Personnel                              | 501,742          | 501,742     | 474,995      | 26,747  |
| Maintenance and supplies               | 104,726          | 110,685     | 120,056      | (9,371)   |
| Capital purchases                      | 6,224            | 6,224       |              | 6,224   |
| Total operating expenses               | 612,692          | 618,651     | 595,051      | 23,600  |
| Operating loss                         | (19,871)         | (25,830)    | (2,230)      | 23,600  |
| Nonoperating revenues                  |                  |             |              |   |
| Earnings on investments                | 8,000            | 8,000       | 6,424        | (1,576)   |
| Total nonoperating revenues            | 8,000            | 8,000       | 6,424        | (1,576)   |
| Change in net position                 | \$ (11,871)      | \$ (17,830) | 4,194        | \$ 22,024   |
| Adjustments to GAAP Basis              |                  |             |              |   |
| Deduct depreciation                    |                  |             | (90,982)     |   |
| Change in net position -<br>GAAP Basis |                  |             | (86,788)     |   |
| Net position at beginning of year      |                  |             | 1,923,196    |   |
| Net position at end of year            |                  |             | \$ 1,836,408 |   |

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### **Component Unit Fund**

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City has the following component unit:

- Sterling Urban Renewal Authority – The Authority was created by ordinance passed June 27, 1989 by the Council of the City of Sterling under authorization of State Statutes for the purpose of acquiring and developing or redeveloping certain areas in the City to maintain public welfare.

CITY OF STERLING, COLORADO  
 Component Unit - Sterling Urban Renewal Authority  
 Budgetary Comparison Schedule  
 For the Year Ended December 31, 2019

|                                   | Budgeted Amounts |            | Actual       | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|-----------------------------------|------------------|------------|--------------|---|
|                                   | Original         | Final      |              |   |
| Revenues                          |                  |            |              |   |
| Tax increment financing           | \$ 720,000       | \$ 720,000 | \$ 650,091   | \$ (69,909)   |
| Earnings on investments           | 60,000           | 60,000     | 75,525       | 15,525  |
| Total revenues                    | 780,000          | 780,000    | 725,616      | (54,384)  |
| Expenditures                      |                  |            |              |   |
| Grants and contributions          | 695,000          | 695,000    | 175,476      | 519,524   |
| Legal and professional fees       | 5,000            | 5,000      | 2,946        | 2,054   |
| County treasurer's fees           | 14,400           | 14,400     | 13,002       | 1,398   |
| Contribution to LCEDC             | 15,000           | 15,000     | 15,000       | -   |
| Improvement projects              | 45,000           | 45,000     |              | 45,000  |
| Miscellaneous                     | 3,100            | 3,100      | 3,461        | (361)   |
| Total expenditures                | 777,500          | 777,500    | 209,885      | 567,615   |
| Net change in fund balance        | \$ 2,500         | \$ 2,500   | 515,731      | \$ 513,231  |
| Fund balance at beginning of year |                  |            | 3,442,858    |   |
| Fund balance at end of year       |                  |            | \$ 3,958,589 |   |

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

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

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

|   |  |
|---|--|
| <b>LOCAL HIGHWAY FINANCE REPORT</b>   | City or County:<br>Sterling                                  |
| This Information From The Records Of (example - City of _ or County of _)<br>City of Sterling |  |
| Prepared By:<br>Phone:  | YEAR ENDING :<br>December 2019<br>Deb Forbes<br>970-522-9700 |

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

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

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

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

| ITEM   | AMOUNT    | ITEM  | AMOUNT    |
|--|-----------|---|-----------|
| <b>A. Receipts from local sources:</b>                   |           | <b>A. Local highway disbursements:</b>            |           |
| 1. Local highway-user taxes                              |           | 1. Capital outlay (from page 2)                   | 793,928   |
| a. Motor Fuel (from Item I.A.5.)                         |           | 2. Maintenance:                                   | 280,331   |
| b. Motor Vehicle (from Item I.B.5.)                      |           | 3. Road and street services:                      |           |
| c. Total (a.+b.)   |           | a. Traffic control operations                     | 16,047    |
| 2. General fund appropriations                           | 1,414,590 | b. Snow and ice removal                           | 89,773    |
| 3. Other local imposts (from page 2)                     | 206,080   | c. Other  | 181,699   |
| 4. Miscellaneous local receipts (from page 2)            | 27,773    | d. Total (a. through c.)                          | 287,519   |
| 5. Transfers from toll facilities                        |           | 4. General administration & miscellaneous         | 141,348   |
| 6. Proceeds of sale of bonds and notes:                  |           | 5. Highway law enforcement and safety             | 618,120   |
| a. Bonds - Original Issues                               |           | 6. Total (1 through 5)                            | 2,121,246 |
| b. Bonds - Refunding Issues                              |           | <b>B. Debt service on local obligations:</b>      |           |
| c. Notes   |           | 1. Bonds:   |           |
| d. Total (a. + b. + c.)                                  | 0         | a. Interest                                       |           |
| 7. Total (1 through 6)                                   | 1,648,443 | b. Redemption                                     |           |
| <b>B. Private Contributions</b>                          |           | c. Total (a. + b.)                                | 0         |
| <b>C. Receipts from State government (from page 2)</b>   | 472,803   | 2. Notes:   |           |
| <b>D. Receipts from Federal Government (from page 2)</b> | 0         | a. Interest                                       |           |
| <b>E. Total receipts (A.7 + B + C + D)</b>               | 2,121,246 | b. Redemption                                     |           |
|  |           | c. Total (a. + b.)                                | 0         |
|  |           | 3. Total (1.c + 2.c)                              | 0         |
|  |           | <b>C. Payments to State for highways</b>          |           |
|  |           | <b>D. Payments to toll facilities</b>             |           |
|  |           | <b>E. Total disbursements (A.6 + B.3 + C + D)</b> | 2,121,246 |

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

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

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

|  | A. Beginning Balance | B. Total Receipts | C. Total Disbursements | D. Ending Balance | E. Reconciliation |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
|  |                      | 2,121,246         | 2,121,246              |                   | 0                 |

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2019

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

| ITEM                              | AMOUNT                    | ITEM                                      | AMOUNT                    |
|-----------------------------------|---------------------------|---|---------------------------|
| <b>A.3. Other local imposts:</b>  |                           | <b>A.4. Miscellaneous local receipts:</b> |                           |
| a. Property Taxes and Assessments |                           | a. Interest on investments                |                           |
| b. Other local imposts:           |                           | b. Traffic Fines & Penalties              | 27,773                    |
| 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  | 206,080                   | g. Other Misc. Receipts                   |                           |
| 6. Total (1. through 5.)          | 206,080                   | h. Other                                  |                           |
| c. Total (a. + b.)                | 206,080                   | i. Total (a. through h.)                  | 27,773                    |
|                                   | (Carry forward to page 1) |   | (Carry forward to page 1) |

| ITEM                                     | AMOUNT  | ITEM                                       | AMOUNT                    |
|--|---------|--|---------------------------|
| <b>C. Receipts from State Government</b> |         | <b>D. Receipts from Federal Government</b> |                           |
| 1. Highway-user taxes                    | 431,441 | 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           | 41,362  | d. Federal Transit Admin                   |                           |
| d. Other (Specify) - DOLA Grant          |         | e. U.S. Corps of Engineers                 |                           |
| e. Other (Specify)                       |         | f. Other Federal                           |                           |
| f. Total (a. through e.)                 | 41,362  | g. Total (a. through f.)                   | 0                         |
| 4. Total (1. + 2. + 3.f)                 | 472,803 | 3. Total (1. + 2.g)                        |                           |
|  |         |  | (Carry forward to page 1) |

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

|   | ON NATIONAL<br>HIGHWAY<br>SYSTEM<br>(a) | OFF NATIONAL<br>HIGHWAY<br>SYSTEM<br>(b) | TOTAL<br>(c)              |
|---|---|--|---------------------------|
| <b>A.1. Capital outlay:</b>                         |   |  |                           |
| a. Right-Of-Way Costs                               |   |  | 0                         |
| b. Engineering Costs                                |   |  | 0                         |
| c. Construction:                                    |   |  |                           |
| (1). New Facilities                                 |   | 793,928                                  | 793,928                   |
| (2). Capacity Improvements                          |   |  | 0                         |
| (3). System Preservation                            |   |  | 0                         |
| (4). System Enhancement & Operation                 |   |  | 0                         |
| (5). Total Construction (1) + (2) + (3) + (4)       | 0                                       | 793,928                                  | 793,928                   |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | 0                                       | 793,928                                  | 793,928                   |
|   |   |  | (Carry forward to page 1) |

Notes and Comments:

# STERLING

A Colorado Treasure

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**STERLING**  
A Colorado Treasure

**STATISTICAL SECTION**

## STATISTICAL SECTION

The statistical section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health.

**Page**

### **Financial Trends Information**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

|  |     |
|--|-----|
| Net Position by Component                      | 155 |
| Changes in Net Position                        | 156 |
| Fund Balances of Governmental Funds            | 158 |
| Changes in Fund Balances of Governmental Funds | 159 |

### **Revenue Capacity Information**

These schedules contain information to help the reader assess the City's most significant local revenue source, sales tax.

|  |     |
|--|-----|
| General Governmental Tax Revenues by Source              | 160 |
| Property Tax Rate for Direct and Overlapping Governments | 161 |
| Assessed Value and Actual Value of Taxable Property      | 162 |
| Sales Tax Rate for Direct and Overlapping Governments    | 163 |
| Sales Tax Revenue by Category                            | 164 |

### **Debt Capacity Information**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.

|   |     |
|---|-----|
| Ratio of Outstanding Debt by Type                   | 165 |
| Direct and Overlapping Governmental Activities Debt | 166 |
| Legal Debt Margin Information                       | 167 |

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

|                                 |     |
|---------------------------------|-----|
| Demographic Economic Statistics | 168 |
|---------------------------------|-----|

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government and the activities it performs.

|  |     |
|--|-----|
| Full-time Equivalent Employees by Function | 169 |
| Operating Indicators by Function           | 170 |
| Capital Asset Statistics by Function       | 171 |

# STERLING

A Colorado Treasure

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**City of Sterling, Colorado**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

|  | 2010            | 2011            | 2012            | 2013            | 2014            | 2015            | 2016            | 2017            | 2018            | 2019            |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Governmental activities</b>                     |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Net investment in Capital Assets                   | \$27,171        | \$28,048        | \$28,225        | \$28,664        | \$30,638        | \$32,617        | \$34,120        | \$34,729        | \$34,846        | \$35,188        |
| Nonspendable prepaid expenses                      | -               | 122             | -               | -               | -               | -               | -               | -               | -               | -               |
| Restricted for:                                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Emergencies  | 350             | 360             | 370             | 370             | 370             | 420             | 420             | 420             | 420             | 440             |
| Public Safety                                      | -               | -               | -               | 754             | 637             | 460             | 352             | 142             | 57              | 253             |
| Culture and recreation                             | -               | 229             | 342             | 483             | 767             | 710             | 514             | 715             | 952             | 1,153           |
| Pensions   | -               | -               | -               | -               | -               | 670             | 213             | 155             | 648             | -               |
| Unrestricted                                       | 6,170           | 5,658           | 6,129           | 6,175           | 6,869           | 6,552           | 6,056           | 6,011           | 5,629           | 6,114           |
| <b>Total governmental activities net position</b>  | <b>\$33,691</b> | <b>\$34,417</b> | <b>\$35,066</b> | <b>\$36,446</b> | <b>\$39,281</b> | <b>\$41,429</b> | <b>\$41,675</b> | <b>\$42,172</b> | <b>\$42,552</b> | <b>\$43,148</b> |
| <b>Business-type activities</b>                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Net investment in Capital Assets                   | \$18,837        | \$12,631        | \$21,339        | \$22,519        | \$15,973        | \$16,714        | \$20,146        | \$22,327        | \$24,324        | \$24,637        |
| Restricted for system improvements                 | -               | -               | -               | -               | 1,957           | 1,957           | 184             | 80              | 81              | 83              |
| Unrestricted                                       | 4,474           | 12,551          | 6,720           | 7,524           | 13,678          | 13,301          | 12,362          | 11,235          | 11,426          | 16,136          |
| <b>Total business-type activities net position</b> | <b>\$23,311</b> | <b>\$25,182</b> | <b>\$28,059</b> | <b>\$30,043</b> | <b>\$31,608</b> | <b>\$31,972</b> | <b>\$32,692</b> | <b>\$33,642</b> | <b>\$35,831</b> | <b>\$40,856</b> |
| <b>Primary government</b>                          |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Net investment in Capital Assets                   | \$46,008        | \$40,679        | \$49,564        | \$51,183        | \$46,611        | \$49,331        | \$54,266        | \$57,056        | \$59,170        | \$59,825        |
| Nonspendable prepaid expenses                      | -               | 122             | -               | -               | -               | -               | -               | -               | -               | -               |
| Restricted for:                                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Emergencies  | 350             | 360             | 370             | 370             | 370             | 420             | 420             | 420             | 420             | 440             |
| Public Safety                                      | -               | -               | -               | 754             | 637             | 460             | 352             | 142             | 57              | 253             |
| Culture and recreation                             | -               | 229             | 342             | 483             | 767             | 710             | 514             | 715             | 952             | 1,153           |
| Pensions   | -               | -               | -               | -               | -               | 670             | 213             | 155             | 648             | -               |
| System Improvements                                | -               | -               | -               | -               | 1,957           | 1,957           | 184             | 80              | 81              | 83              |
| Unrestricted                                       | 10,644          | 18,209          | 12,849          | 13,699          | 20,547          | 19,853          | 18,418          | 17,246          | 17,055          | 22,250          |
| <b>Total primary government net position</b>       | <b>\$57,002</b> | <b>\$59,599</b> | <b>\$63,125</b> | <b>\$66,489</b> | <b>\$70,889</b> | <b>\$73,401</b> | <b>\$74,367</b> | <b>\$75,814</b> | <b>\$78,383</b> | <b>\$84,004</b> |

**City of Sterling, Colorado**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

|   | 2010     | 2011     | 2012     | 2013     | 2014     | 2015     | 2016     | 2017     | 2018     | 2019     |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>Expenses</b>                                 |          |          |          |          |          |          |          |          |          |          |
| Governmental activities:                        |          |          |          |          |          |          |          |          |          |          |
| General government                              | \$ 2,348 | \$ 2,777 | \$ 2,395 | \$ 2,698 | \$ 2,664 | \$ 3,042 | \$ 2,833 | \$ 2,772 | \$ 2,773 | \$ 2,992 |
| Public Safety                                   | 3,522    | 4,285    | 4,189    | 4,384    | 4,618    | 4,798    | 5,448    | 5,542    | 5,135    | 5,457    |
| Public Works                                    | 2,150    | 1,677    | 2,378    | 2,470    | 2,487    | 1,629    | 2,503    | 2,182    | 2,323    | 2,315    |
| Parks, Library, Recreation                      | 2,475    | 2,751    | 2,861    | 2,827    | 2,860    | 2,497    | 3,053    | 3,092    | 3,216    | 3,316    |
| Interest on Long-term debt                      | 90       | 87       | 82       | 58       | 49       | 45       | 35       | 24       | 26       | 13       |
| Total governmental activities expenses          | 10,585   | 11,577   | 11,905   | 12,437   | 12,678   | 12,011   | 13,872   | 13,612   | 13,473   | 14,093   |
| Business-type activities:                       |          |          |          |          |          |          |          |          |          |          |
| Water   | 1,650    | 2,354    | 2,679    | 2,814    | 3,361    | 4,324    | 4,241    | 4,403    | 4,328    | 3,935    |
| Sanitation                                      | 483      | 434      | 493      | 446      | 476      | 476      | 464      | 504      | 576      | 607      |
| Sewer   | 1,670    | 1,815    | 1,640    | 1,693    | 1,851    | 1,863    | 2,088    | 2,344    | 2,060    | 2,023    |
| Total business-type activities expenses         | 3,803    | 4,603    | 4,812    | 4,953    | 5,688    | 6,663    | 6,793    | 7,251    | 6,964    | 6,565    |
| Total primary government expenses               | \$14,388 | \$16,180 | \$16,717 | \$17,390 | \$18,366 | \$18,674 | \$20,665 | \$20,863 | \$20,437 | \$20,658 |
| <b>Program Revenue</b>                          |          |          |          |          |          |          |          |          |          |          |
| Governmental activities:                        |          |          |          |          |          |          |          |          |          |          |
| Charge for Services - General Government        | \$ 148   | \$ 263   | \$ 216   | \$ 149   | \$ 158   | \$ 219   | \$ 198   | \$ 113   | \$ 122   | \$ 207   |
| Charge for Services - Public Safety             | 150      | 103      | 94       | 81       | 80       | 83       | 76       | 69       | 51       | 47       |
| Charge for Services - Public Works              | 230      | 354      | 360      | 339      | 335      | 225      | 216      | 225      | 246      | 261      |
| Charge for Services - Parks, Library, Rec.      | 326      | 353      | 352      | 356      | 358      | 318      | 367      | 369      | 337      | 328      |
| Operating grants                                | 898      | 779      | 687      | 890      | 818      | 662      | 638      | 669      | 731      | 763      |
| Capital grants                                  | 5,879    | 340      | 217      | -        | 1,913    | 453      | 548      | 249      | 5        | 186      |
| Total governmental activities program revenues  | 7,631    | 2,192    | 1,926    | 1,815    | 3,662    | 1,960    | 2,043    | 1,694    | 1,492    | 1,792    |
| Business-type activities:                       |          |          |          |          |          |          |          |          |          |          |
| Charge for Services - Water                     | 2,727    | 4,252    | 5,470    | 4,910    | 5,016    | 5,003    | 5,130    | 5,372    | 5,829    | 6,340    |
| Charge for Services - Sanitation                | 447      | 458      | 457      | 466      | 479      | 471      | 609      | 601      | 611      | 669      |
| Charge for Services - Sewer                     | 1,681    | 1,739    | 1,718    | 1,658    | 1,736    | 1,688    | 1,663    | 2,053    | 2,440    | 4,128    |
| Operating grants                                | -        | -        | -        | -        | -        | -        | -        | 6        | 18       | -        |
| Capital grants                                  | 44       | 40       | 32       | 45       | 28       | 81       | 36       | 37       | 52       | 39       |
| Total business-type activities program revenues | 4,899    | 6,489    | 7,677    | 7,079    | 7,259    | 7,243    | 7,438    | 8,069    | 8,950    | 11,176   |
| Total primary government program revenues       | \$12,530 | \$ 8,681 | \$ 9,603 | \$ 8,894 | \$10,921 | \$ 9,203 | \$ 9,481 | \$ 9,763 | \$10,442 | \$12,968 |

**City of Sterling, Colorado**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

|   | 2010      | 2011      | 2012      | 2013       | 2014      | 2015       | 2016       | 2017       | 2018       | 2019       |
|---|-----------|-----------|-----------|------------|-----------|------------|------------|------------|------------|------------|
| <b>Net (expense)/revenue</b>                              |           |           |           |            |           |            |            |            |            |            |
| Governmental activities                                   | \$(2,954) | \$(9,385) | \$(9,979) | \$(10,622) | \$(9,016) | \$(10,051) | \$(11,829) | \$(11,918) | \$(11,981) | \$(12,301) |
| Business-type activities                                  | 1,096     | 1,886     | 2,865     | 2,126      | 1,571     | 580        | 645        | 818        | 1,986      | 4,611      |
| Total primary government net expense                      | \$(1,858) | \$(7,499) | \$(7,114) | \$(8,496)  | \$(7,445) | \$(9,471)  | \$(11,184) | \$(11,100) | \$(9,995)  | \$(7,690)  |
| <b>General Revenues and Other Changes in Net Position</b> |           |           |           |            |           |            |            |            |            |            |
| Governmental activities:                                  |           |           |           |            |           |            |            |            |            |            |
| Property Tax  | \$ 1,024  | \$ 1,029  | \$ 1,011  | \$ 1,018   | \$ 1,038  | \$ 1,048   | \$ 1,095   | \$ 1,116   | \$ 1,139   | \$ 1,149   |
| Specific Ownership Tax                                    | -         | -         | -         | -          | 127       | 126        | 119        | 122        | 123        | 139        |
| Sales and Use Tax   | 6,208     | 6,655     | 6,799     | 6,912      | 7,703     | 7,620      | 7,427      | 7,349      | 7,609      | 8,236      |
| Franchise Tax   | 677       | 686       | 652       | 685        | 699       | 664        | 632        | 635        | 626        | 614        |
| Other Taxes   | 123       | 112       | 243       | 292        | 227       | 213        | 158        | 222        | 236        | 225        |
| Unrestricted Earnings on Investments                      | 14        | 6         | 14        | 8          | 8         | 14         | 47         | 72         | 137        | 162        |
| Miscellaneous   | 1,122     | 1,450     | 1,816     | 3,022      | 1,956     | 2,433      | 2,501      | 2,685      | 2,399      | 2,372      |
| Sale of Assets  | 13        | 100       | 1         | -          | -         | 11         | -          | 8          | -          | -          |
| Transfers   | 74        | 73        | 92        | 93         | 93        | 94         | 96         | 92         | 92         | -          |
| Total governmental activities                             | \$ 9,255  | \$10,111  | \$ 10,628 | \$ 12,030  | \$ 11,851 | \$ 12,223  | \$ 12,075  | \$ 12,301  | \$ 12,361  | \$ 12,897  |
| Business-type activities:                                 |           |           |           |            |           |            |            |            |            |            |
| Unrestricted Earnings on Investments                      | \$ 16     | \$ 5      | \$ 13     | \$ 9       | \$ 11     | \$ 20      | \$ 74      | \$ 135     | \$ 208     | \$ 266     |
| Miscellaneous   | 50        | 49        | 91        | 238        | 12        | 166        | 96         | 89         | 86         | 148        |
| Sale of Assets  | -         | 4         | -         | 1          | 165       | 27         | -          | -          | -          | -          |
| Transfers   | (74)      | (73)      | (92)      | (93)       | (93)      | (94)       | (96)       | (92)       | (92)       | -          |
| Total business-type activities                            | (8)       | (15)      | 12        | 155        | 95        | 119        | 74         | 132        | 202        | 414        |
| Total primary government                                  | \$ 9,247  | \$10,096  | \$ 10,640 | \$ 12,185  | \$ 11,946 | \$ 12,342  | \$ 12,149  | \$ 12,433  | \$ 12,563  | \$ 13,311  |
| <b>Changes in Net Position</b>                            |           |           |           |            |           |            |            |            |            |            |
| Governmental activities                                   | \$ 6,301  | \$ 726    | \$ 649    | \$ 1,408   | \$ 2,835  | \$ 2,172   | \$ 246     | \$ 383     | \$ 380     | \$ 596     |
| Business-type activities                                  | 1,088     | 1,871     | 2,877     | 2,281      | 1,666     | 699        | 719        | 950        | 2,188      | 5,025      |
| Total primary government                                  | \$ 7,389  | \$ 2,597  | \$ 3,526  | \$ 3,689   | \$ 4,501  | \$ 2,871   | \$ 965     | \$ 1,333   | \$ 2,568   | \$ 5,621   |

City of Sterling, Colorado  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(amounts expressed in thousands)

|   | 2010            | 2011            | 2012            | 2013            | 2014            | 2015            | 2016            | 2017            | 2018            | 2019            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| General Fund                              |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Reserved                                  | \$ 102          | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            |
| Unreserved                                | 2,058           | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| Nonspendable - prepaid items              | -               | -               | 119             | -               | 85              | 70              | 93              | 124             | 103             | 100             |
| Committed to:                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Culture and recreation                    | -               | 88              | 131             | 141             | 140             | 141             | 127             | 127             | 127             | 146             |
| Unassigned                                | -               | 2,721           | 2,875           | 2,667           | 3,132           | 3,682           | 3,144           | 3,118           | 3,551           | 3,878           |
| <b>Total General Fund</b>                 | <b>\$ 2,160</b> | <b>\$ 2,809</b> | <b>\$ 3,125</b> | <b>\$ 2,808</b> | <b>\$ 3,357</b> | <b>\$ 3,893</b> | <b>\$ 3,364</b> | <b>\$ 3,369</b> | <b>\$ 3,781</b> | <b>\$ 4,124</b> |
| <b>All other governmental funds</b>       |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Reserved                                  | \$ 301          | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            |
| Unreserved, reported in:                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Special revenue funds                     | 430             | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| Capital projects funds                    | 1,364           | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| Nonspendable - prepaid items              | -               | -               | -               | 230             | 155             | 72              | -               | -               | -               | -               |
| Restricted for:                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Public safety                             | -               | -               | -               | 754             | 637             | 460             | 352             | 142             | 57              | 253             |
| Culture and recreation                    | -               | 229             | 342             | 483             | 768             | 710             | 514             | 715             | 952             | 1,153           |
| Committed to:                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Capital Improvement                       | -               | 827             | 791             | 825             | 841             | 572             | 488             | 509             | 532             | 226             |
| Health & Welfare                          | -               | 154             | 174             | 202             | 190             | 185             | 225             | 223             | 237             | 231             |
| <b>Total all other governmental funds</b> | <b>\$ 2,095</b> | <b>\$ 1,210</b> | <b>\$ 1,307</b> | <b>\$ 2,494</b> | <b>\$ 2,591</b> | <b>\$ 1,999</b> | <b>\$ 1,579</b> | <b>\$ 1,589</b> | <b>\$ 1,778</b> | <b>\$ 1,863</b> |

(a) In 2011, reporting of fund balances was changed to meet the requirements of GASB 54.

**City of Sterling, Colorado**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

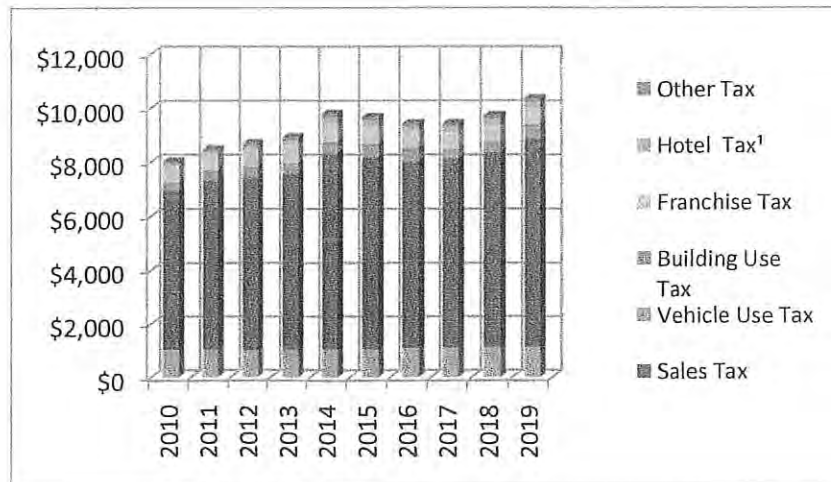
|   | 2010            | 2011            | 2012            | 2013            | 2014            | 2015            | 2016            | 2017            | 2018            | 2019            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Revenue</b>                                |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Taxes   | \$ 8,032        | \$ 8,483        | \$ 8,699        | \$ 8,925        | \$ 9,795        | \$ 9,672        | \$ 9,432        | \$ 9,447        | \$ 9,733        | \$ 10,364       |
| Licenses and Permits                          | 175             | 282             | 251             | 182             | 212             | 267             | 251             | 163             | 169             | 252             |
| Intergovernmental                             | 6,125           | 1,828           | 2,098           | 2,135           | 4,031           | 2,572           | 2,437           | 2,480           | 2,269           | 2,239           |
| Charges for services                          | 255             | 268             | 283             | 293             | 279             | 259             | 278             | 290             | 280             | 279             |
| Fines and forfeitures                         | 180             | 137             | 127             | 108             | 106             | 105             | 101             | 93              | 72              | 67              |
| Earnings on investments                       | 9               | 3               | 8               | 5               | 5               | 9               | 27              | 41              | 83              | 110             |
| Miscellaneous                                 | 2,033           | 1,120           | 985             | 2,126           | 989             | 1,200           | 1,242           | 1,358           | 1,106           | 1,406           |
| <b>Total Revenue</b>                          | <b>\$16,809</b> | <b>\$12,121</b> | <b>\$12,451</b> | <b>\$13,774</b> | <b>\$15,417</b> | <b>\$14,084</b> | <b>\$13,768</b> | <b>\$13,872</b> | <b>\$13,712</b> | <b>\$14,717</b> |
| <b>Expenditures</b>                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| General Government                            | \$ 2,389        | \$ 2,562        | \$ 2,508        | \$ 2,745        | \$ 2,658        | \$ 3,140        | \$ 3,036        | \$ 2,765        | \$ 2,636        | \$ 3,213        |
| Public Safety                                 | 3,555           | 3,641           | 4,295           | 4,577           | 4,761           | 5,335           | 5,397           | 5,303           | 5,299           | 5,530           |
| Public Works                                  | 6,853           | 2,414           | 2,507           | 2,965           | 4,628           | 2,757           | 3,152           | 2,898           | 2,152           | 2,872           |
| Cemetery                                      | 194             | 201             | 192             | 168             | 237             | 184             | 203             | 235             | 223             | 237             |
| Recreation                                    | 2,048           | 2,338           | 2,308           | 2,312           | 2,348           | 2,607           | 2,789           | 2,521           | 2,663           | 2,837           |
| Capital Outlay                                | 2,616           | 1,176           | 93              | -               | -               | -               | -               | -               | -               | -               |
| <b>Total Expenditures</b>                     | <b>\$17,655</b> | <b>\$12,332</b> | <b>\$11,903</b> | <b>\$12,767</b> | <b>\$14,632</b> | <b>\$14,023</b> | <b>\$14,577</b> | <b>\$13,722</b> | <b>\$12,973</b> | <b>\$14,689</b> |
| Excess of revenues over (under) expenditures  | \$ (846)        | \$ (211)        | \$ 548          | \$ 1,007        | \$ 785          | \$ 61           | \$ (809)        | \$ 150          | \$ 739          | \$ 28           |
| <b>Other financing sources (uses)</b>         |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Transfers in                                  | 1,534           | 294             | 47              | 1               | 1               | 39              | 1               | 5               | 2               | 480             |
| Transfers out                                 | (1,685)         | (420)           | (181)           | (139)           | (140)           | (155)           | (141)           | (140)           | (140)           | (80)            |
| Total other financing sources (uses)          | (151)           | (126)           | (134)           | (138)           | (139)           | (116)           | (140)           | (135)           | (138)           | 400             |
| Sale of land and buildings                    | -               | 100             | -               | -               | -               | -               | -               | -               | -               | -               |
| Net change in fund balances                   | \$ (997)        | \$ (237)        | \$ 414          | \$ 869          | \$ 646          | \$ (55)         | \$ (949)        | \$ 15           | \$ 601          | \$ 428          |
| Debt Service as a % of Noncapital Expenditure | 0.00%           | 0.00%           | 0.00%           | 0.00%           | 0.00%           | 0.00%           | 0.00%           | 0.00%           | 0.00%           | 0.00%           |

**City of Sterling, Colorado**  
**General Governmental Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

| Fiscal Year | Property Tax | Sales Tax | Vehicle Use Tax | Building Use Tax | Franchise Tax | Hotel Tax <sup>1</sup> | Other Tax | Total     |
|-------------|--------------|-----------|-----------------|------------------|---------------|------------------------|-----------|-----------|
| 2010        | \$ 1,024     | \$ 5,937  | \$ 195          | \$ 77            | \$ 676        | \$ -                   | \$ 123    | \$ 8,032  |
| 2011        | \$ 1,029     | \$ 6,283  | \$ 226          | \$ 147           | \$ 686        | \$ -                   | \$ 112    | \$ 8,483  |
| 2012        | \$ 1,011     | \$ 6,417  | \$ 258          | \$ 118           | \$ 652        | \$ 116                 | \$ 127    | \$ 8,699  |
| 2013        | \$ 1,018     | \$ 6,555  | \$ 288          | \$ 87            | \$ 685        | \$ 152                 | \$ 140    | \$ 8,925  |
| 2014        | \$ 1,038     | \$ 7,282  | \$ 295          | \$ 126           | \$ 699        | \$ 212                 | \$ 143    | \$ 9,795  |
| 2015        | \$ 1,048     | \$ 7,134  | \$ 338          | \$ 148           | \$ 664        | \$ 196                 | \$ 143    | \$ 9,671  |
| 2016        | \$ 1,095     | \$ 6,905  | \$ 321          | \$ 201           | \$ 632        | \$ 141                 | \$ 137    | \$ 9,432  |
| 2017        | \$ 1,116     | \$ 7,002  | \$ 285          | \$ 62            | \$ 635        | \$ 208                 | \$ 139    | \$ 9,447  |
| 2018        | \$ 1,139     | \$ 7,213  | \$ 315          | \$ 81            | \$ 626        | \$ 221                 | \$ 138    | \$ 9,733  |
| 2019        | \$ 1,149     | \$ 7,713  | \$ 404          | \$ 119           | \$ 614        | \$ 210                 | \$ 155    | \$ 10,364 |

|           |     |     |      |     |     |     |     |  |
|-----------|-----|-----|------|-----|-----|-----|-----|--|
| Change    |     |     |      |     |     |     |     |  |
| 2010-2019 | 12% | 30% | 107% | 55% | -9% | 81% | 26% |  |

<sup>1</sup>Voters approved a 5% hotel tax effective January 1, 2012. Of that collected, 38% is remitted to Logan County for the Logan County Taxing Board.



**City of Sterling, Colorado  
Property Tax Rate  
For Direct and Overlapping Governments  
Last Ten Fiscal Years**

| Fiscal<br>Year | Overlapping Governments |              |                                |       | Total  |
|----------------|-------------------------|--------------|--------------------------------|-------|--------|
|                | City of Sterling        | Logan County | RE-1 Valley School<br>District | Other |        |
| 2010           | 14.183                  | 30.098       | 40.571                         | 2.280 | 87.132 |
| 2011           | 14.027                  | 30.774       | 40.571                         | 2.324 | 87.696 |
| 2012           | 14.051                  | 29.919       | 40.488                         | 2.330 | 86.788 |
| 2013           | 14.051                  | 29.925       | 40.366                         | 2.333 | 86.675 |
| 2014           | 14.030                  | 29.943       | 40.387                         | 2.361 | 86.721 |
| 2015           | 14.030                  | 29.963       | 40.212                         | 2.386 | 86.591 |
| 2016           | 14.031                  | 27.390       | 38.752                         | 2.282 | 82.455 |
| 2017           | 14.033                  | 27.385       | 38.693                         | 2.274 | 82.385 |
| 2018           | 14.068                  | 28.649       | 38.322                         | 2.269 | 83.308 |
| 2019           | 14.060                  | 29.892       | 37.750                         | 2.833 | 84.535 |

Source: Logan County Assessor.

**City of Sterling, Colorado**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

| Year | Commercial | Residential | Vacant<br>Land | Industrial | Agriculture | Natural<br>Resources | Gas & Oil | State<br>Assessed |
|------|------------|-------------|----------------|------------|-------------|----------------------|-----------|-------------------|
| 2010 | \$42,171   | \$58,816    | \$2,776        | \$17,929   | \$32,496    | \$15,037             | \$0       | \$102,828         |
| 2011 | \$41,234   | \$59,127    | \$2,710        | \$15,344   | \$32,483    | \$10,811             | \$0       | \$97,719          |
| 2012 | \$39,330   | \$58,481    | \$2,651        | \$15,088   | \$34,456    | \$13,686             | \$0       | \$103,214         |
| 2013 | \$39,629   | \$58,777    | \$2,615        | \$14,419   | \$35,980    | \$18,486             | \$0       | \$101,263         |
| 2014 | \$40,304   | \$59,278    | \$2,310        | \$11,461   | \$41,276    | \$357                | \$18,708  | \$93,186          |
| 2015 | \$40,914   | \$60,099    | \$2,271        | \$13,707   | \$43,987    | \$381                | \$16,803  | \$89,916          |
| 2016 | \$42,250   | \$64,856    | \$2,467        | \$15,167   | \$60,737    | \$263                | \$15,022  | \$109,583         |
| 2017 | \$43,696   | \$65,556    | \$2,381        | \$24,560   | \$61,284    | \$393                | \$6,788   | \$117,331         |
| 2018 | \$44,662   | \$66,879    | \$2,575        | \$23,435   | \$65,848    | \$439                | \$5,930   | \$125,377         |
| 2019 | \$45,388   | \$67,432    | \$2,450        | \$23,850   | \$67,059    | \$448                | \$6,033   | \$122,291         |

Source: Logan County Assessor. Information for Logan County.

**City of Sterling, Colorado**  
**Sales Tax Rate**  
**For Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

| Fiscal<br>Year | <u>City of Sterling</u> | <u>Logan County</u> | <u>South Platte Rural<br/>Transportation Auth</u> | <u>State of Colorado</u> |
|----------------|-------------------------|---------------------|---|--------------------------|
| 2010           | 3.00%                   | 1.00%               | 0.10%   | 2.90%                    |
| 2011           | 3.00%                   | 1.00%               | 0.10%   | 2.90%                    |
| 2012           | 3.00%                   | 1.00%               | 0.10%   | 2.90%                    |
| 2013           | 3.00%                   | 1.00%               | 0.10%   | 2.90%                    |
| 2014           | 3.00%                   | 1.00%               | 0.10%   | 2.90%                    |
| 2015           | 3.00%                   | 1.00%               | 0.10%   | 2.90%                    |
| 2016           | 3.00%                   | 1.00%               | 0.10%   | 2.90%                    |
| 2017           | 3.00%                   | 1.00%               | 0.10%   | 2.90%                    |
| 2018           | 3.00%                   | 1.00%               | 0.10%   | 2.90%                    |
| 2019           | 3.00%                   | 1.00%               | 0.10%   | 2.90%                    |

**City of Sterling, Colorado**  
**Sales Tax Revenue by Category**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

| Taxpayer Category <sup>1</sup>    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    | 2018    | 2019    |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Agriculture, Forestry & Fishing   | \$2     | \$3     | \$5     | \$7     | \$8     | \$19    | \$71    | \$50    | \$11    | \$11    |
| Mining                            | \$5     | \$7     | \$6     | \$8     | \$8     | \$11    | \$12    | \$1     | \$3     | \$2     |
| Construction                      | \$41    | \$45    | \$65    | \$48    | \$57    | \$59    | \$79    | \$64    | \$59    | \$54    |
| Manufacturing                     | \$142   | \$216   | \$213   | \$200   | \$163   | \$169   | \$158   | \$160   | \$178   | \$258   |
| Transportation & Public Utilities | \$602   | \$753   | \$640   | \$640   | \$628   | \$608   | \$542   | \$570   | \$590   | \$571   |
| Wholesale Trade                   | \$150   | \$172   | \$220   | \$202   | \$516   | \$332   | \$228   | \$968   | \$285   | \$389   |
| Retail Trade                      | \$4,438 | \$4,626 | \$4,832 | \$4,933 | \$5,149 | \$5,386 | \$5,257 | \$4,638 | \$5,439 | \$5,768 |
| Finance, Insurance & Real Estate  | \$1     | \$1     | \$2     | \$2     | \$7     | \$6     | \$8     | \$9     | \$9     | \$15    |
| Services                          | \$556   | \$460   | \$434   | \$515   | \$746   | \$544   | \$550   | \$542   | \$632   | \$640   |

<sup>1</sup>Due to requirements under City Charter, the names of the sales taxpayers are confidential. The categories presented provide information regarding the sources of the City's sales tax revenue.

**City of Sterling, Colorado**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands, except per capita and population)**

| Fiscal Year | Governmental Activities |                  |                |             | Business-Type Activities |                   |                  |                   | Total Outstanding Debt | Percentage of Personal Income <sup>1</sup> | Population <sup>1</sup> | Total Debt Per Capita |
|-------------|-------------------------|------------------|----------------|-------------|--------------------------|-------------------|------------------|-------------------|------------------------|--|-------------------------|-----------------------|
|             | Service Center Lease    | Fire Truck Lease | Air Pack Lease | CWRPDA Loan | CWRPDA Loan              | CWRPDA Water Fund | CWRPDA Loan      | CWRPDA Water Fund |                        |  |                         |                       |
| 2010        | \$1,510                 | \$213            | \$0            | \$963       | \$4,800                  | \$7,486           | 14,354           | 0.95%             | \$522                  |  |                         |                       |
| 2011        | \$1,355                 | \$176            | \$0            | \$819       | \$29,294                 | \$31,644          | 14,327           | 3.56%             | \$2,209                |  |                         |                       |
| 2012        | \$1,190                 | \$147            | \$0            | \$669       | \$29,252                 | \$31,258          | 14,120           | 3.22%             | \$2,214                |  |                         |                       |
| 2013        | \$1,015                 | \$103            | \$0            | \$514       | \$27,984                 | \$29,616          | 13,982           | 2.90%             | \$2,118                |  |                         |                       |
| 2014        | \$830                   | \$69             | \$0            | \$353       | \$26,699                 | \$27,951          | 14,203           | 2.59%             | \$1,968                |  |                         |                       |
| 2015        | \$635                   | \$35             | \$164          | \$186       | \$25,392                 | \$26,412          | 14,182           | 2.37%             | \$1,862                |  |                         |                       |
| 2016        | \$430                   | \$0              | \$134          | \$0         | \$24,081                 | \$24,645          | 14,166           | 2.28%             | \$1,740                |  |                         |                       |
| 2017        | \$220                   | \$0              | \$102          | \$0         | \$22,751                 | \$23,073          | 13,988           | 2.17%             | \$1,649                |  |                         |                       |
| 2018        | \$0                     | \$361            | \$69           | \$0         | \$21,402                 | \$21,832          | 13,971           | 2.11%             | \$1,563                |  |                         |                       |
| 2019        | \$0                     | \$306            | \$35           | \$0         | \$20,035                 | \$20,376          | N/A <sup>2</sup> | N/A <sup>2</sup>  | N/A <sup>2</sup>       |  |                         |                       |

<sup>1</sup> See demographic economic statistics on page 168 for personal income and population data.

<sup>2</sup> Information for 2019 was not available at the time of the schedule preparation.

**City of Sterling, Colorado**  
**Direct and Overlapping Governmental Activities Debt**  
**December 31, 2019**  
**(amounts expressed in thousands)**

| Governmental Unit                 | Debt<br>Outstanding | Percentage<br>Applicable | Amount<br>Applicable |
|-----------------------------------|---------------------|--------------------------|----------------------|
| City of Sterling Direct Debt      | \$341               | 100.00%                  | \$341                |
| City of Sterling Overlapping Debt | \$0                 |                          | \$0                  |
| Total                             | \$341               |                          | \$341                |

Source: Assessed value data used to estimate applicable percentages provided by Logan County Government. City of Sterling's Direct Debt details can be found on page 165.

**City of Sterling, Colorado**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

|                          | Fiscal Year      |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                          | 2010             | 2011             | 2012             | 2013             | 2014             | 2015             | 2016             | 2017             | 2018             | 2019             |
| Debt Limit               | \$ 14,603        | \$14,603         | \$17,073         | \$17,353         | \$17,462         | \$17,677         | \$18,520         | \$18,627         | \$20,163         | \$20,584         |
| Debt applicable to limit | <u>1,723</u>     | <u>1,531</u>     | <u>1,337</u>     | <u>1,118</u>     | <u>899</u>       | <u>834</u>       | <u>564</u>       | <u>322</u>       | <u>430</u>       | <u>341</u>       |
| Legal Debt Margin        | \$ <u>12,880</u> | \$ <u>13,072</u> | \$ <u>15,736</u> | \$ <u>16,235</u> | \$ <u>16,563</u> | \$ <u>16,843</u> | \$ <u>17,956</u> | \$ <u>18,305</u> | \$ <u>19,733</u> | \$ <u>20,243</u> |

**Legal Debt Margin Calculation for Fiscal Year 2019**

|   |                 |
|---|-----------------|
| Actual valuation                              | \$ 686,133      |
| Debt limit - 3% of actual valuation           | \$20,584        |
| Amount of debt outstanding                    | \$ 19,927       |
| Less deductions allowed:                      |                 |
| Sewer Loan                                    | \$ -            |
| Water Loan                                    | \$ 19,586       |
| Total amount of debt applicable to debt limit | <u>\$ 341</u>   |
| Legal Debt Margin                             | <u>\$20,243</u> |

Note: Per City of Sterling Charter, Section 6-8, the City of Sterling's outstanding debt should not exceed 3% of the actual valuation of taxable property within the City, but in any determination of the limitation of the City's power to incur indebtedness there shall not be included bonds issued for the acquisition or extension of a water supply, public utilities, enterprises, which do not constitute an indebtedness.

**City of Sterling, Colorado  
Demographic Economic Statistics  
Last Ten Fiscal Years**

| Fiscal<br>Year | City<br>Population <sup>1</sup> | County<br>Population <sup>2</sup> | Per Capita<br>Income <sup>2</sup> | Personal<br>Income <sup>2</sup> | School<br>Enrollment <sup>3</sup> | Unemployment<br>Rate Percent <sup>4</sup> |
|----------------|---------------------------------|-----------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---|
|                |                                 |                                   | (in thousands)                    |                                 |                                   |   |
| 2010           | 14,354                          | 22,139                            | \$35,429                          | \$784,372                       | 2,436                             | 6.3%                                      |
| 2011           | 14,327                          | 22,084                            | \$40,264                          | \$889,189                       | 2,350                             | 6.3%                                      |
| 2012           | 14,120                          | 21,867                            | \$44,454                          | \$972,077                       | 2,287                             | 6.0%                                      |
| 2013           | 13,982                          | 21,680                            | \$43,610                          | \$1,020,526                     | 2,317                             | 5.1%                                      |
| 2014           | 14,203                          | 22,709                            | \$46,148                          | \$1,080,076                     | 2,274                             | 3.8%                                      |
| 2015           | 14,182                          | 22,212                            | \$50,746                          | \$1,114,779                     | 2,295                             | 3.1%                                      |
| 2016           | 14,166                          | 22,036                            | \$49,337                          | \$1,081,719                     | 2,284                             | 2.9%                                      |
| 2017           | 13,988                          | 21,896                            | \$48,521                          | \$1,062,418                     | 2,277                             | 2.3%                                      |
| 2018           | 13,971                          | 21,528                            | \$48,161                          | \$1,036,820                     | 2,337                             | 2.7%                                      |
| 2019           | N/A <sup>5</sup>                | N/A <sup>5</sup>                  | N/A <sup>5</sup>                  | N/A <sup>5</sup>                | 2,624                             | 2.4%                                      |

Data sources

<sup>1</sup>Colorado Division of Local Government Demography Office

<sup>2</sup>Bureau of Economic Analysis. Information for per capita income and personal income is for Logan County.

<sup>3</sup>RE-1 School District

<sup>4</sup>Bureau of Labor Statistics; percentage for Logan County

<sup>5</sup>Information for 2019 was not available at the time of the schedule preparation.

**City of Sterling, Colorado**  
**Full-time Equivalent Employees by Function**  
**Last Ten Fiscal Years**

|                               | 2010       | 2011       | 2012       | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       | 2019       |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Function</b>               |            |            |            |            |            |            |            |            |            |            |
| General government            | 18         | 17         | 17         | 17         | 16         | 15         | 15         | 14         | 15         | 15         |
| Public safety                 |            |            |            |            |            |            |            |            |            |            |
| Police                        |            |            |            |            |            |            |            |            |            |            |
| Officers                      | 22         | 21         | 21         | 21         | 23         | 20         | 20         | 22         | 22         | 21         |
| Civilians                     | 5          | 5          | 5          | 5          | 5          | 5          | 6          | 6          | 6          | 6          |
| Fire                          |            |            |            |            |            |            |            |            |            |            |
| Firefighters                  | 16         | 21         | 21         | 22         | 22         | 22         | 22         | 22         | 22         | 22         |
| Civilians                     | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          |
| Dispatch                      | 11         | 8          | 9          | 8          | 7          | 10         | 11         | 11         | 11         | 11         |
| Parks, Library,<br>Recreation | 24         | 25         | 22         | 23         | 26         | 24         | 25         | 27         | 26         | 31         |
| Public Works                  | 15         | 14         | 14         | 14         | 14         | 16         | 15         | 15         | 12         | 14         |
| Water                         | 4          | 4          | 5          | 8          | 9          | 9          | 9          | 10         | 10         | 11         |
| Sanitation                    | 4          | 4          | 4          | 4          | 4          | 4          | 4          | 4          | 3          | 4          |
| Sewer System                  |            |            |            |            |            |            |            |            |            |            |
| Sewer                         | 3          | 2          | 2          | 2          | 1          | 1          | 4          | 4          | 4          | 4          |
| Wastewater                    | 5          | 4          | 4          | 3          | 4          | 4          | 5          | 4          | 4          | 4          |
| Service Center                | 6          | 6          | 6          | 6          | 6          | 8          | 7          | 6          | 7          | 7          |
| <b>TOTAL</b>                  | <b>134</b> | <b>132</b> | <b>131</b> | <b>134</b> | <b>138</b> | <b>139</b> | <b>144</b> | <b>146</b> | <b>143</b> | <b>151</b> |

The data includes all employees, exempt and non exempt.

Source : City of Sterling HR Department

**City of Sterling, Colorado**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

| Function                     | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    | 2018    | 2019   |
|------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------|
| Police                       |         |         |         |         |         |         |         |         |         |        |
| Physical arrests             | 781     | 549     | 532     | 627     | 641     | 665     | 454     | 753     | 941     | 1,023  |
| Traffic Accidents            | 254     | 308     | 250     | 267     | 297     | 257     | 256     | 250     | 228     | 264    |
| Traffic charges              | 6,909   | 4,752   | 4,857   | 4,368   | 4,014   | 4,377   | 4,057   | 4,433   | 4,385   | 5,082  |
| Fire                         |         |         |         |         |         |         |         |         |         |        |
| Medical calls                | 908     | 1,048   | 1,283   | 1,403   | 1,743   | 2,077   | 1,990   | 2,034   | 2,101   | 2,059  |
| Fire calls                   | 95      | 110     | 151     | 90      | 95      | 140     | 116     | 118     | 114     | 90     |
| Hazardous Calls              | 359     | 319     | 379     | 265     | 460     | 103     | 78      | 114     | 101     | 94     |
| Public Works                 |         |         |         |         |         |         |         |         |         |        |
| Building Permits:            |         |         |         |         |         |         |         |         |         |        |
| Residential                  | 1       | 2       | 3       | 7       | 7       | 5       | 8       | 4       | 7       | 2      |
| Non-residential              | 65      | 45      | 46      | 33      | 38      | 56      | 68      | 61      | 38      | 89     |
| Construction Value:          |         |         |         |         |         |         |         |         |         |        |
| Residential <sup>1</sup>     | \$187   | \$205   | \$373   | \$773   | \$1,165 | \$611   | \$830   | \$392   | \$993   | \$187  |
| Non-residential <sup>1</sup> | \$5,467 | \$2,561 | \$3,474 | \$2,260 | \$1,568 | \$2,465 | \$2,562 | \$2,366 | \$2,087 | \$555  |
| Parks, Library, Recreation   |         |         |         |         |         |         |         |         |         |        |
| Patrons using Library        | 47,816  | 55,951  | 57,214  | 49,085  | 47,707  | 39,507  | 42,072  | 36,041  | 65,730  | 72,810 |
| Recreation Division Programs | 6       | 7       | 7       | 6       | 6       | 6       | 6       | 6       | 6       | 9      |
| Recreation Division Teams    | 275     | 261     | 269     | 254     | 258     | 275     | 266     | 227     | 114     | 256    |
| Sanitation                   |         |         |         |         |         |         |         |         |         |        |
| Compacted/refuse (tons)      | 6,113   | 5,866   | 5,547   | 5,701   | 5,756   | 5,742   | 5,842   | 5,901   | 5,740   | 5,763  |
| Loose collected (tons)       | 1,446   | 789     | 990     | 1,061   | 742     | 801     | 891     | 1,058   | 917     | 799    |
| Water                        |         |         |         |         |         |         |         |         |         |        |
| Meters Read                  | 55,513  | 55,514  | 55,617  | 58,533  | 57,548  | 56,513  | 57,886  | 57,977  | 58,837  | 58,574 |
| Services Installed           | 1       | 3       | 3       | 6       | 9       | 29      | 10      | 7       | 10      | 19     |

Sources: Various city departments.  
<sup>1</sup>Information presented in thousands.

**City of Sterling, Colorado**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

| Function                                      | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Public safety                                 |       |       |       |       |       |       |       |       |       |       |
| Police  |       |       |       |       |       |       |       |       |       |       |
| Stations                                      | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Patrol units                                  | 26    | 26    | 26    | 26    | 26    | 26    | 26    | 26    | 26    | 26    |
| Fire  |       |       |       |       |       |       |       |       |       |       |
| Stations                                      | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Streets                                       |       |       |       |       |       |       |       |       |       |       |
| Streets (miles)                               | 64.5  | 64.5  | 64.5  | 64.5  | 64.5  | 64.5  | 64.5  | 64.5  | 64.5  | 64.5  |
| Streetlights                                  | 670   | 670   | 670   | 670   | 670   | 670   | 670   | 670   | 670   | 670   |
| Culture and Recreation                        |       |       |       |       |       |       |       |       |       |       |
| Recreation Center                             | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Parks   | 17    | 17    | 17    | 17    | 17    | 17    | 17    | 17    | 17    | 17    |
| Park Acreage                                  | 116   | 116   | 116   | 116   | 116   | 116   | 116   | 116   | 116   | 116   |
| Golf Courses                                  | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Swimming Pools                                | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Tennis Courts                                 | 12    | 10    | 10    | 10    | 10    | 10    | 10    | 9     | 8     | 8     |
| Public Library                                | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Museum  | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Sewer System:                                 |       |       |       |       |       |       |       |       |       |       |
| Sanitary sewers (miles)                       | 82.42 | 82.42 | 82.42 | 82.42 | 82.42 | 82.42 | 82.42 | 82.42 | 82.42 | 82.42 |
| Storm sewers (miles)                          | 34.82 | 34.82 | 34.82 | 34.82 | 34.82 | 34.82 | 34.82 | 34.82 | 34.82 | 34.82 |
| Max. daily capacity<br>(thousands of gallons) | 2.68  | 2.68  | 2.68  | 2.68  | 2.68  | 2.68  | 2.68  | 2.68  | 2.68  | 2.68  |
| Water System:                                 |       |       |       |       |       |       |       |       |       |       |
| Water mains (miles)                           | 97    | 97    | 97    | 97    | 97    | 97    | 97    | 97    | 97    | 97    |
| Fire hydrants                                 | 381   | 383   | 383   | 386   | 386   | 386   | 386   | 389   | 389   | 389   |
| Max. daily capacity<br>(thousands of gallons) | 8,500 | 8,500 | 8,500 | 8,500 | 8,500 | 8,500 | 8,500 | 8,500 | 8,500 | 8,500 |

Sources: Various city departments.

# STERLING

A Colorado Treasure

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