

City of Sterling, Colorado

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2020



STERLING
A Colorado Treasure

Cover Photograph Descriptions

The new walking path and lighting at the Overland Trail Recreation Area. (Provided by Wade Gandee)

The new collections and exhibits building at the Overland Trail Museum. (Provided by Kay Rich)



City of Sterling, Colorado

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2020

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, 2020

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INTRODUCTORY SECTION



June 10, 2021

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, 2020, 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 2020 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 2020. Sales tax revenue, which was 55% of the General Fund revenue in 2020, was 1.6% higher than that collected in 2019. The City's General Fund saw a 2.3% increase in revenues in 2020 compared to 2019.

During 2020 the unemployment rate increased from the 2.3% in 2019 to the current rate of 4.7%.

The City's Code Enforcement Specialist issued 134 building permits in 2020, which were 43 permits more than issued in 2019. The construction value for 2020 was estimated at approximately \$5.2 million, of which \$5 million 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 2020

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.

The new Collections Storage/Print Shop building at the Museum was finished late in 2020. The new building, used to store collection out of the flood plain, as well as housing a multimedia exhibit, is a great addition to the grounds.

In June of 2020, construction of the Overland Trail Recreation Area trail and solar lighting project, surrounding the existing fishpond, was completed. Funds for the project came from a Colorado Parks and Wildlife Grant received in 2019. The extension of the concrete trail and addition of the solar light has been a tremendous success, used extensively by the community. Sadly enough we were not able to have an official grand opening because of the pandemic.

In 2020 the City continued updating the water distribution infrastructure in the City. The City awarded a project for the replacement of the 24" waterline running from the South Platte River to the railroad tracks along Hwy 6. The project began construction summer of 2020 and was completed by early fall. The project included 1,505 lin. ft. of 8" waterline, 3,730 lin. ft. of 24" waterline, and 4 new fire hydrants.

The Engineering office also designed, advertised and awarded a Construction Project for the North 3rd Avenue Waterline Project. This project replaced the 10" water main on North 3rd Avenue from Main Street to just north of Platte Street. There was 987 lin. ft. of new waterline, including 8 new water valves and 16 new water services. North 3rd Avenue was resurfaced after the waterline was completed.

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 2021.

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.

The Public Works Department has been working on the East Chestnut Multi-Use trail that received a Transportation Alternatives Program grant to pay for most of the construction of a trail along the north side of East Chestnut from the viaduct to the South Platte River. The majority of the design work has been completed and we anticipate concurrence from CDOT to advertise the project for bids in spring or summer of 2021.

The Department also secured a CDOT Multi-Modal Options Grant for the first phase of the Seep Ditch Trail which will be part of the Sterling Loop. This segment will be a 10' concrete multi-use trail behind the Westview Drive neighborhood from Iris Drive to Cheyenne Blvd.

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

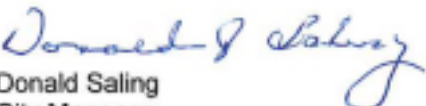
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sterling for its comprehensive annual financial report for the fiscal year ended December 31, 2019. This was the twenty-ninth consecutive 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, 2019

Christopher P. Morill

Executive Director/CEO

**City of Sterling, Colorado
City Council and Senior Management
December 31, 2020**

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

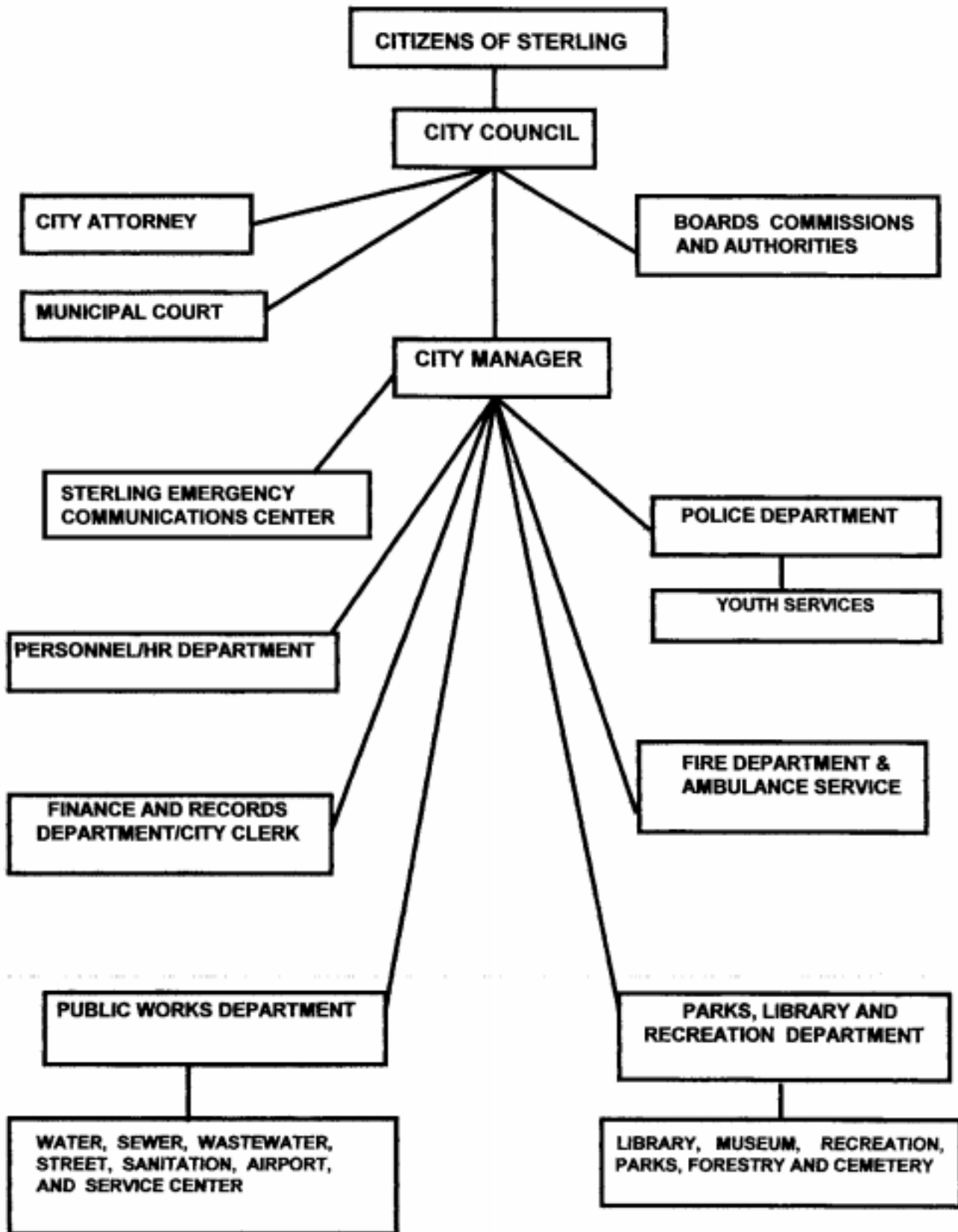
Appointed Officials

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, 2020, 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, 2020, 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
May 4, 2021

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, 2020. 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 2020 by \$88 million (net position). Of this amount \$21.9 million or 25% 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 was less than the expenses by \$65 thousand.
- The loss in revenues was mainly due to the coronavirus. The City showed a loss of \$228 thousand in Charges for Services due to loss in the culture & recreation revenues.

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

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$88 million at the close of 2020.

CITY OF STERLING NET POSITION (in thousands)

	Governmental Activities		Business Type Activities		Total	
	2019	2020	2019	2020	2019	2020
Current and other assets	\$ 9,854	\$ 9,790	\$ 16,594	\$ 51,541	\$ 26,448	\$ 61,331
Land, construction in progress and water rights	2,896	2,906	2,809	4,740	5,505	7,646
Capital assets - Net of Depreciation	32,833	32,994	41,864	42,136	74,697	75,130
Total assets	45,383	45,690	61,267	98,417	106,650	144,107
Pension deferrals	1,632	1,323	-	-	1,632	1,323
Total deferred outflows of resources	1,632	1,323	-	-	1,632	1,323
Total assets and deferred outflows	\$ 47,015	\$ 47,013	\$ 61,267	\$ 98,417	\$ 108,282	\$ 145,430
Long-term debt outstanding	\$ 2,019	\$ 831	\$ 18,755	\$ 50,939	\$ 20,774	\$ 51,770
Other liabilities	604	1,567	1,556	2,688	2,260	4,255
Total liabilities	2,623	2,398	20,411	53,627	23,034	56,025
Deferred property tax revenues	1,223	1,242	-	-	1,223	1,242
Pension deferrals	21	289	-	-	21	289
Total deferred inflows of resources	1,244	1,531	-	-	1,244	1,531
Net position:						
Net investment in capital assets	35,188	35,651	24,637	28,230	59,825	63,881
Restricted	1,846	2,022	83	83	1,929	2,105
Unrestricted (deficit)	6,114	5,411	16,136	16,477	22,250	21,888
Total net position	\$ 43,148	\$ 43,084	\$ 40,856	\$ 44,790	\$ 84,004	\$ 87,874
Total liabilities, deferred inflows and net position	\$ 47,015	\$ 47,013	\$ 61,267	\$ 98,417	\$ 108,282	\$ 145,430

The largest portion of the City of Sterling's net position, \$63.9 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, \$2.1 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$21.9 million, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2020, the City of Sterling is able to report positive balances in two categories of net position, for the government as a whole, as well as for its separate Business-type Activities. The Governmental Activities had a negative change in net position mainly due to the pandemic.

Changes in Net Position

A summary of the City's governmental and business type activities for the period ending December 31, 2020 reflects net position increasing by \$3.9 million. The prior period is also included for comparative purposes.

CITY OF STERLING CHANGES IN NET POSITION (In thousands)

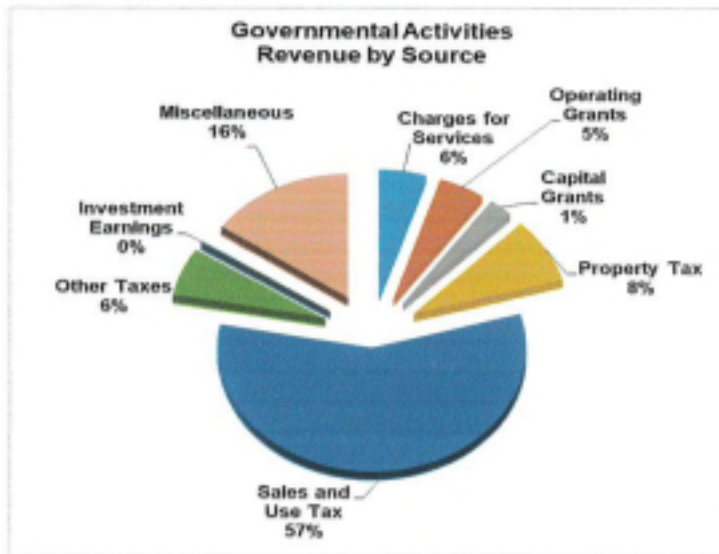
	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Program Revenue:						
Charges for Services	\$ 843	\$ 725	\$ 11,137	\$ 11,026	\$ 11,980	\$ 11,751
Operating Grants	763	702	-	-	763	702
Capital Grants	186	368	39	36	225	404
General Revenues:						
Property Tax	1,149	1,222	-	-	1,149	1,222
Specific Ownership Tax	139	136	-	-	139	136
Sales and Use Tax	8,236	8,401	-	-	8,236	8,401
Franchise Tax	614	609	-	-	614	609
Other Taxes	225	182	-	-	225	182
Unrestricted Earnings on Investments	162	48	266	106	428	154
Sale of assets	-	-	-	-	-	-
Miscellaneous	2,372	2,259	148	94	2,520	2,353
Total Revenues	\$ 14,689	\$ 14,652	\$ 11,590	\$ 11,262	\$ 26,279	\$ 25,914
Program Expenses:						
General Government	\$ 2,992	\$ 3,113	-	-	\$ 2,992	\$ 3,113
Public Safety	5,457	6,163	-	-	5,457	6,163
Public Works	2,315	2,346	-	-	2,315	2,346
Parks, Library, Recreation	3,316	3,084	-	-	3,316	3,084
Interest on Long-term Debt	13	10	-	-	13	10
Water	-	-	3,935	4,116	3,935	4,116
Sanitation	-	-	607	693	607	693
Sewer	-	-	2,023	2,518	2,023	2,518
Total Expenses	\$ 14,093	\$ 14,716	\$ 6,565	\$ 7,327	\$ 20,658	\$ 22,043

Overage Before Transfers	\$ 596	\$ (64)	\$ 5,025	\$ 3,935	\$ 5,621	\$ 3,871
Transfers	-	-	-	-	-	-
Change in Net Position	\$ 596	\$ (64)	\$ 5,025	\$ 3,935	\$ 5,621	\$ 3,871
Net position beginning of year	42,552	43,148	35,831	40,855	78,383	84,003
Net position at end of year	\$ 43,148	\$ 43,084	\$ 40,856	\$ 44,790	\$ 84,004	\$ 87,874

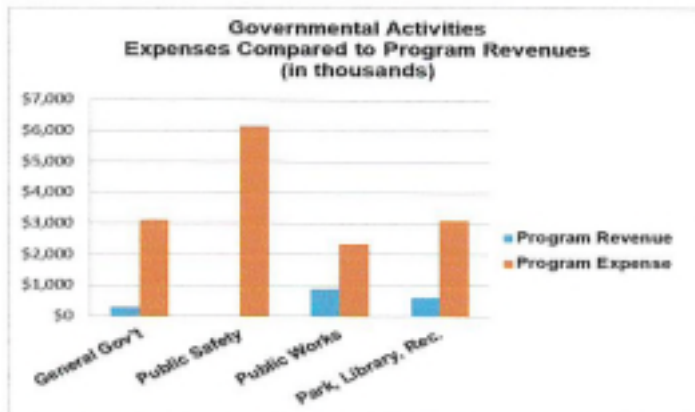
Governmental activities

Net position of the governmental activities decreased by \$65 thousand during 2020.

The sales and use tax revenue increased 2%.

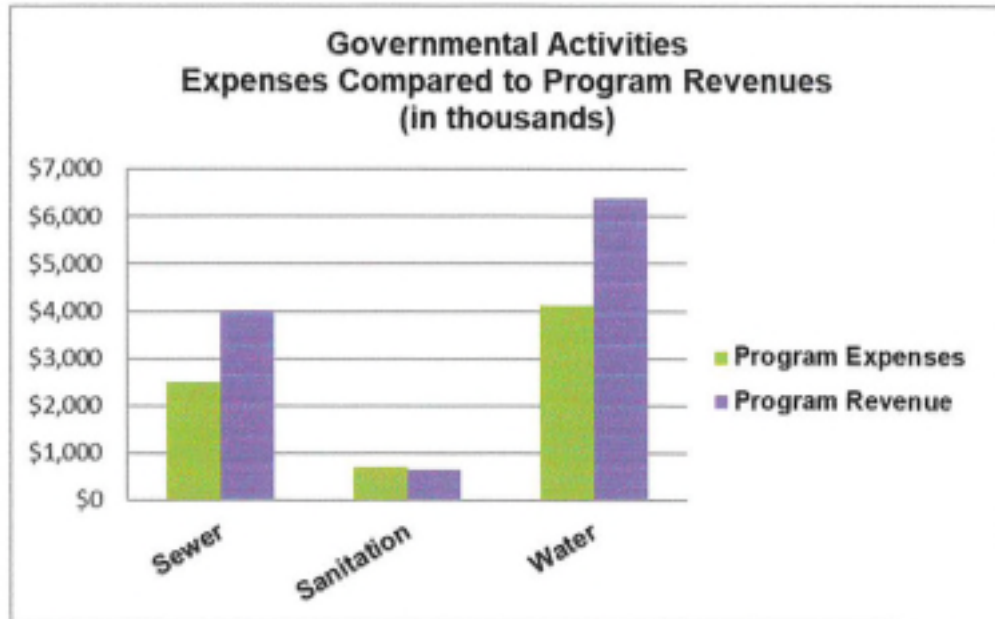


Expenses Compared to the Revenue presents the cost and revenue of each of the City's four largest programs – general government, public safety, public works and parks, library and recreation. The difference between the revenue and expense shows the financial burden that was placed on the City's taxpayers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



Business-type Activities

Net position in Business-type Activities increased by \$4 million in 2020. 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 2020, the City of Sterling's General Fund reported an ending fund balance of \$4.4 million, which was an increase of \$280 thousand from January 1, 2020. Of that fund balance, \$4.2 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 \$1.7 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 \$4 million. The Sewer Fund increased by \$1.6 million, the Sanitation Funds decreased by \$13 thousand, and the Water Fund had

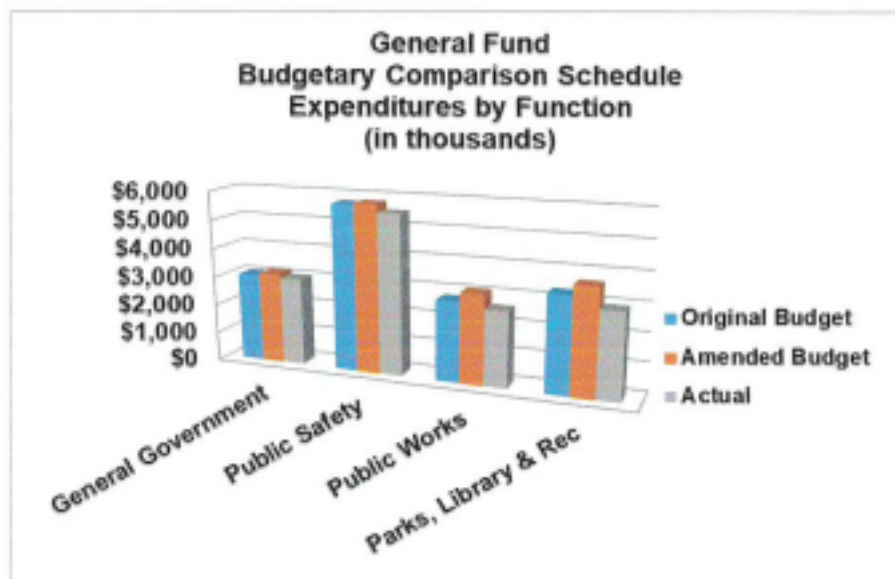
an increase of \$2.5 million. The increases in the Water and Sewer Fund were for future loan payments.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of 2020, 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 \$14.8 million; and the final budgeted amount was \$15.6 million. The main components of the increase were:

- Grant expenditures of \$210 thousand for the Airport Master Plan.
- \$73 thousand was spent on PPE for the pandemic, which was then reimbursed by the State of Colorado.
- A new building at the Museum for \$191 thousand.

In order to consider the additional appropriations, the budgeted revenues were also amended. The original budgeted revenues for the General Fund were \$14 million; the final budgeted amount was \$14.3 million. The majority of the increased revenue was money anticipated to be received for the master plan grant.



The variance between actual expenditures and the final budget amounted to \$1.6 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.
- There was unspent expenses in all the Recreation Programs (\$735 thousand) due to closing down the programs due to the pandemic

- Changes in personnel throughout the year resulted in \$125 thousand unspent budget.
- The pavement maintenance plan at the Airport had \$367 thousand unspent funds for completion in 2021.
- Cares Grants in the amount of \$45 thousand were unspent in 2020, available for spending in 2021.

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, 2020, amounts to \$83 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, page >>>>, of the financial statements.

**CITY OF STERLING
CAPITAL ASSETS ON DECEMBER 31, 2020
(net of depreciation, in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Land	\$ 1,900	\$ 1,973	\$ 1,370	\$ 1,270	\$ 3,270	\$ 3,243
Construction in Progress	797	933	831	2,744	1,628	3,677
Water rights	-	-	708	726	708	726
Buildings	6,579	6,630	1,620	1,697	8,199	8,327
Equipment	4,406	4,379	905	770	5,311	5,149
Improvements	7,560	7,807	39,238	39,669	46,798	47,476
Infrastructure	14,288	14,179	-	-	14,288	14,179
Total	\$ 35,530	\$ 35,901	\$ 44,672	\$ 46,876	\$ 80,202	\$ 82,777

The major capital asset additions during 2020 included:

Governmental Activities:

- 2020 street improvements (\$597 thousand)
- Completion of a Collections Building at the Museum
- 2nd and Main Street Intersection
- Pole barn for the Fire Department at the Service Center

Business Type Activities:

- Deep Well Building for the Water Fund

Long-term debt. The City had \$54 million in debt outstanding at year-end 2020. 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 Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
CWRPDA Loan - Water	\$ -	\$ -	\$ 19,586	\$ 18,233	\$ 19,586	\$ 18,233
CWRPDA Loan - Sewer			-	33,466	-	33,466
Premium on notes	-	-	449	1,228	449	1,228
Air Pack Lease	35	-	-	-	35	-
Fire Truck Lease	306	249	-	-	306	249
Compensated Absences	600	681	78	70	678	751
TOTAL	\$ 941	\$ 930	\$ 20,113	\$ 52,997	\$ 21,054	\$ 53,927

ECONOMIC FACTORS AND THE 2021 BUDGET

In preparing the 2021 Budget, the City took into consideration the current economy. The 2021 adopted expenditure budget was appropriated at \$15.4 million for the General Fund, which was \$1225 thousand more than the final 2020 budget. The adopted revenue budget for 2021 was \$13.7 million, which was \$602 thousand more than the final budget for 2020.

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

The City is being cautious with its spending in 2021, especially with the coronavirus. The budget is being monitored on a monthly basis; the 2021 revenues and expenditures to the same month in 2020.

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 4th 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.

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

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

CITY OF STERLING, COLORADO
Statement of Net Position
December 31, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 464,380	\$ 716,627	\$ 1,181,007
Cash with county treasurer	14,612		14,612
Certificates of deposit		108,867	108,867
Investments	6,633,701	15,094,039	21,727,740
Receivables	2,356,666	1,225,562	3,582,228
Internal balances	53,542	(53,542)	-
Inventory		366,601	366,601
Prepaid items	96,418		96,418
Restricted cash		34,082,521	34,082,521
Net pension asset	170,893		170,893
Land, construction in progress and water rights	2,906,184	4,739,944	7,646,128
Capital assets, net of depreciation	32,994,319	42,136,558	75,130,877
Total assets	45,690,715	98,417,177	144,107,892
Deferred outflows of resources			
Pension deferrals	1,322,864		1,322,864
Total assets and deferred outflows of resources	\$ 47,013,579	\$ 98,417,177	\$ 145,430,756

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

Component
Unit

\$ 4,608,885

4,608,885

\$ 4,608,885

(continued)

CITY OF STERLING, COLORADO
Statement of Net Position
December 31, 2020

(continued)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 171,401	\$ 296,683	\$ 468,084
Accrued salaries and benefits	223,231	34,290	257,521
Accrued interest payable	9,312	299,068	308,380
Unearned revenues	3,535		3,535
Noncurrent liabilities			
Due within one year	98,922	2,058,240	2,157,162
Due in more than one year	831,462	50,939,083	51,770,545
Net pension liability	1,060,800		1,060,800
Total liabilities	2,398,663	53,627,364	56,026,027
Deferred inflows of resources			
Property taxes levied in advance	1,241,638		1,241,638
Pension deferrals	289,113		289,113
Total deferred inflows of resources	1,530,751	-	1,530,751
Net position			
Net investment in capital assets	35,651,274	28,229,937	63,881,211
Restricted for emergencies	440,000		440,000
Restricted for public safety	161,754		161,754
Restricted for culture and recreation	1,249,764		1,249,764
Restricted for system improvements		82,521	82,521
Restricted for pensions	170,893		170,893
Unrestricted	5,410,480	16,477,355	21,887,835
Total net position	43,084,165	44,789,813	87,873,978
Total liabilities, deferred inflows of resources and net position	\$ 47,013,579	\$ 98,417,177	\$ 145,430,756

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

Component
Unit

\$ 9,248

9,248

4,599,637

4,599,637

\$ 4,608,885

CITY OF STERLING, COLORADO
Statement of Activities
For the Year Ended December 31, 2020

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 3,112,739	\$ 234,342	\$ 72,807	
Public safety	6,163,231	49,134	5,428	
Public works	2,346,383	238,946	461,761	\$ 189,173
Health and welfare	326,262	150,900		9,948
Culture and recreation	2,757,441	51,227	162,142	169,248
Interest on long-term debt	9,657			
Total governmental activities	<u>14,715,713</u>	<u>724,549</u>	<u>702,138</u>	<u>368,369</u>
Business-type activities				
Water services	4,116,044	6,377,781		18,360
Sanitation services	693,466	660,494		
Sewer services	2,517,869	3,987,389		17,433
Total business-type activities	<u>7,327,379</u>	<u>11,025,664</u>	<u>-</u>	<u>35,793</u>
Total primary government	<u>\$ 22,043,092</u>	<u>\$ 11,750,213</u>	<u>\$ 702,138</u>	<u>\$ 404,162</u>
Component unit				
Sterling Urban Renewal Authority	<u>\$ 119,573</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 Activities	Business-type Activities	Total	Component Unit
\$ (2,805,590)		\$ (2,805,590)	
(6,108,669)		(6,108,669)	
(1,456,503)		(1,456,503)	
(165,414)		(165,414)	
(2,374,824)		(2,374,824)	
(9,657)		(9,657)	
(12,920,657)	\$ -	(12,920,657)	
	2,280,097	2,280,097	
	(32,972)	(32,972)	
	1,486,953	1,486,953	
	3,734,078	3,734,078	
(12,920,657)	3,734,078	(9,186,579)	
			\$ (119,573)
1,221,885		1,221,885	
136,289		136,289	
8,401,067		8,401,067	
608,873		608,873	
181,999		181,999	743,531
47,792	106,219	154,011	17,090
2,258,355	94,331	2,352,686	
12,856,260	200,550	13,056,810	760,621
(64,397)	3,934,628	3,870,231	641,048
43,148,562	40,855,185	84,003,747	3,958,589
<u>\$ 43,084,165</u>	<u>\$ 44,789,813</u>	<u>\$ 87,873,978</u>	<u>\$ 4,599,637</u>

CITY OF STERLING, COLORADO
Balance Sheet
Governmental Funds
December 31, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 360,650	\$ 30,225	\$ 390,875
Cash with county treasurer	14,612		14,612
Investments	3,150,520	1,659,554	4,810,074
Property taxes receivable	1,241,638		1,241,638
Other taxes receivable	843,724	14,992	858,716
Other receivables	242,488	10,384	252,872
Special assessments receivable	2,145		2,145
Prepaid items	96,418		96,418
Total assets	\$ 5,952,195	\$ 1,715,155	\$ 7,667,350
Liabilities			
Accounts payable	\$ 92,031	\$ 12,592	\$ 104,623
Accrued salaries and benefits	210,392		210,392
Deposits	3,535		3,535
Total liabilities	305,958	12,592	318,550
Deferred inflows of resources			
Deferred property tax revenues	1,241,638		1,241,638
Total deferred inflows of resources	1,241,638	-	1,241,638
Fund balance			
Nonspendable - prepaid items	96,418		96,418
Restricted for public safety		161,754	161,754
Restricted for culture and recreation		1,249,764	1,249,764
Committed to capital improvements		61,509	61,509
Committed to culture and recreation	136,213		136,213
Committed to health and welfare		229,536	229,536
Unassigned	4,171,968		4,171,968
Total fund balance	4,404,599	1,702,563	6,107,162
Total liabilities, deferred inflows of resources and fund balance	\$ 5,952,195	\$ 1,715,155	\$ 7,667,350

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, 2020**

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

Total fund balance - governmental funds	\$ 6,107,162
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	31,134,309
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(652,507)
Pension assets, liabilities and deferrals used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	143,844
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>6,351,357</u>
Net position of the governmental activities	<u>\$ 43,084,165</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, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 10,384,264	\$ 165,849	\$ 10,550,113
Licenses and permits	290,228		290,228
Intergovernmental	2,308,442	144,280	2,452,722
Charges for services	103,474	16,934	120,408
Fines and forfeitures	66,689		66,689
Earnings on investments	20,208	12,423	32,631
Miscellaneous	1,048,347	53,823	1,102,170
Total revenues	14,221,652	393,309	14,614,961
Expenditures			
Current			
General government	3,010,886	328,796	3,339,682
Public safety	5,509,922	93,268	5,603,190
Public works	2,593,734		2,593,734
Health and welfare	228,635	52,247	280,882
Culture and recreation	2,714,340	221,577	2,935,917
Total expenditures	14,057,517	695,888	14,753,405
Excess of revenues over (under) expenditures	164,135	(302,579)	(138,444)
Other financing sources (uses)			
Proceeds from the sale of assets	23,282	135,165	158,447
Transfers in	101,665	8,848	110,513
Transfers out	(8,848)	(1,665)	(10,513)
Total other financing sources (uses)	116,099	142,348	258,447
Net change in fund balance	280,234	(160,231)	120,003
Fund balance at beginning of year	4,124,365	1,862,794	5,987,159
Fund balance at end of year	\$ 4,404,599	\$ 1,702,563	\$ 6,107,162

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, 2020**

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

Net change in fund balances - governmental funds	\$ 120,003
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 (\$2,173,542) exceeded depreciation (\$1,304,524) in the current period.	869,018
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.	(257,264)
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).	(87,016)
In the statement of activities, the net loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the disposal increases financial resources. Thus, the change in net position differs from the change in fund capital assets disposed of.	(199,430)
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>(509,708)</u>
Change in net position of governmental activities	<u>\$ (64,397)</u>

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

CITY OF STERLING, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2020

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sanitation Fund</u>	<u>Sewer Fund</u>
Assets			
Current assets			
Cash	\$ 246,786	\$ 227,998	\$ 241,843
Certificates of deposit			108,867
Investments	6,506,632	648,995	7,938,412
Receivables	662,139	82,146	481,277
Due from other funds			23,961
Inventory	316,981	2,657	46,963
Total current assets	7,732,538	961,796	8,841,323
Noncurrent assets			
Restricted cash with fiscal agent	82,521		34,000,000
Land, construction in progress and water rights	2,088,286	178	2,651,480
Capital assets, net of depreciation	35,392,242	199,837	6,544,479
Total noncurrent assets	37,563,049	200,015	43,195,959
Total assets	\$ 45,295,587	\$ 1,161,811	\$ 52,037,282

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 716,627	\$ 73,505
108,867	
15,094,039	1,823,627
1,225,562	1,295
23,961	
366,601	
<u>17,535,657</u>	<u>1,898,427</u>
34,082,521	
4,739,944	
<u>42,136,558</u>	<u>4,766,194</u>
<u>80,959,023</u>	<u>4,766,194</u>
<u>\$ 98,494,680</u>	<u>\$ 6,664,621</u>

(continued)

CITY OF STERLING, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2020

(continued)

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sanitation Fund</u>	<u>Sewer Fund</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 24,122	\$ 9,312	\$ 263,249
Accrued salaries and benefits payable	19,440	4,539	10,311
Accrued interest payable	201,964		97,104
Due to other funds	23,961		
Current portion of compensated absences	1,000	2,000	2,000
Current portion of note payable	1,376,399		676,841
Current portion of capital lease obligation			
Total current liabilities	<u>1,646,886</u>	<u>15,851</u>	<u>1,049,505</u>
Long-term liabilities			
Accrued compensated absences	36,295	4,819	23,625
Note payable	17,270,166		33,604,178
Capital lease obligation			
Total long-term liabilities	<u>17,306,461</u>	<u>4,819</u>	<u>33,627,803</u>
Total liabilities	<u>18,953,347</u>	<u>20,670</u>	<u>34,677,308</u>
Net position			
Net investment in capital assets	18,833,963	200,015	9,195,959
Restricted for system improvements	82,521		
Restricted for emergencies			
Unrestricted	7,425,756	941,126	8,164,015
Total net position	<u>26,342,240</u>	<u>1,141,141</u>	<u>17,359,974</u>
Total liabilities and net position	<u>\$ 45,295,587</u>	<u>\$ 1,161,811</u>	<u>\$ 52,037,282</u>

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 296,683	\$ 66,778
34,290	12,839
299,068	9,312
23,961	
5,000	
2,053,240	
-	58,922
2,712,242	147,851
64,739	28,648
50,874,344	
-	190,307
50,939,083	218,955
53,651,325	366,806
28,229,937	2,994,471
82,521	
-	440,000
16,530,897	2,863,344
44,843,355	6,297,815
\$ 98,494,680	\$ 6,664,621

Total net position - enterprise funds	\$ 44,843,355
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.	<u>(53,542)</u>
Net position of the business-type activities	<u>\$ 44,789,813</u>

CITY OF STERLING, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sanitation Fund</u>	<u>Sewer Fund</u>
Operating revenues			
Charges for services	\$ 6,377,781	\$ 660,494	\$ 3,987,389
Miscellaneous			
Total operating revenues	6,377,781	660,494	3,987,389
Operating expenses			
Personnel	683,439	201,257	540,019
Maintenance and supplies	1,581,329	313,572	1,002,182
Administrative cost allocation	474,712	90,212	199,360
Depreciation and amortization	869,717	72,765	646,361
Claims			
Premiums			
Total operating expenses	3,609,197	677,806	2,387,922
Operating income (loss)	2,768,584	(17,312)	1,599,467
Nonoperating revenues (expenses)			
Earnings on investments	47,386	4,421	54,412
Rents and rights	90,390		
Miscellaneous	3,941		
Insurance proceeds			
Federal and state grants			
Gain (loss) on disposal of assets			
Debt service interest and fiscal charges	(462,772)		(92,555)
Total nonoperating revenues (expenses)	(321,055)	4,421	(38,143)
Income before transfers and capital contributions	2,447,529	(12,891)	1,561,324

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 11,025,664	\$ 3,949,889
-	997
<u>11,025,664</u>	<u>3,950,886</u>
1,424,715	501,963
2,897,083	173,948
764,284	
1,588,843	495,502
-	308,564
-	<u>3,101,580</u>
<u>6,674,925</u>	<u>4,581,557</u>
4,350,739	(630,671)
106,219	15,160
90,390	
3,941	
-	121,082
-	7,300
-	(10,049)
<u>(555,327)</u>	<u>(9,657)</u>
<u>(354,777)</u>	<u>123,836</u>
3,995,962	(506,835)

(continued)

CITY OF STERLING, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2020

(continued)

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sanitation Fund</u>	<u>Sewer Fund</u>
Transfers out			
Capital contributions	<u>18,360</u>	<u></u>	<u>17,433</u>
Change in net position	2,465,889	(12,891)	1,578,757
Net position at beginning of year	<u>23,876,351</u>	<u>1,154,032</u>	<u>15,781,217</u>
Net position at end of year	<u>\$ 26,342,240</u>	<u>\$ 1,141,141</u>	<u>\$ 17,359,974</u>

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
-	(100,000)
<u>35,793</u>	
4,031,755	(606,835)
<u>40,811,600</u>	<u>6,904,650</u>
<u>\$ 44,843,355</u>	<u>\$ 6,297,815</u>

Net change in net position - proprietary funds \$ 4,031,755

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.

(97,127)

Change in net position of business-type activities

\$ 3,934,628

CITY OF STERLING, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Cash flows from operating activities			
Receipts from customers	\$ 6,357,144	\$ 657,667	\$ 3,969,072
Internal activity - receipts from (payments to) other funds	(32,494)		32,494
Payments to providers			
Payments to claimants			
Payments to suppliers	(2,044,837)	(404,236)	(956,640)
Payments to employees	(677,247)	(210,791)	(538,225)
Net cash provided by operating activities	3,602,566	42,640	2,506,701
Cash flows from noncapital financing activities			
Insurance proceeds			
Federal and state grants			
Transfers to other funds			
Net cash provided by noncapital financing activities	-	-	-
Cash flows from capital and related financing activities			
Capital contributions	18,360		17,433
Receipts from rents and rights	90,390		
Reimbursements and other revenues	3,941		
Purchase of capital assets	(1,952,632)		(1,840,178)
Proceeds from issuance of long-term debt			34,285,569
Principal paid on capital debt	(1,353,363)		
Interest and fiscal charges paid on capital debt	(508,309)		
Net cash provided (used) by capital and related financing activities	(3,701,613)	-	32,462,824

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 10,983,883	\$ 3,949,688
-	(3,103,122)
-	(308,564)
(3,405,713)	(142,430)
<u>(1,426,263)</u>	<u>(508,078)</u>
6,151,907	(112,506)
-	121,082
-	7,300
-	<u>(100,000)</u>
-	28,382
35,793	
90,390	
3,941	
(3,792,810)	(206,787)
34,285,569	
(1,353,363)	(92,205)
<u>(508,309)</u>	<u>(12,815)</u>
28,761,211	(311,807)

(continued)

CITY OF STERLING, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

(continued)

	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Cash flows from investing activities			
Proceeds from the sale of investments	170,000		
Earnings on investments			
Purchase of investments		(45,000)	(1,015,000)
Net cash provided (used) by investing activities	170,000	(45,000)	(1,015,000)
Net increase (decrease) in cash and cash equivalents	70,953	(2,360)	33,954,525
Cash and cash equivalents at beginning of year	258,354	230,358	287,318
Cash and cash equivalents at end of year	<u>\$ 329,307</u>	<u>\$ 227,998</u>	<u>\$ 34,241,843</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 2,768,584	\$ (17,312)	\$ 1,599,467
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation and amortization	869,717	72,765	646,361
Changes in assets and liabilities			
Receivables	(20,637)	(2,827)	(18,317)
Interfund items	(32,494)		32,494
Inventory	16,193	(639)	1,800
Accounts payable	(4,989)	187	243,102
Accrued salaries and benefits payable	5,914	194	760
Accrued compensated absences	278	(9,728)	1,034
Net cash provided (used) by operating activities	<u>\$ 3,602,566</u>	<u>\$ 42,640</u>	<u>\$ 2,506,701</u>
Cash and cash equivalents at end of year consist of:			
Cash	\$ 246,786	\$ 227,998	\$ 241,843
Restricted cash with fiscal agent	82,521		34,000,000
Total	<u>\$ 329,307</u>	<u>\$ 227,998</u>	<u>\$ 34,241,843</u>

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
170,000	413,000
<u>(1,060,000)</u>	<u>(5,000)</u>
<u>(890,000)</u>	<u>408,000</u>
34,023,118	12,069
<u>776,030</u>	<u>61,436</u>
<u>\$ 34,799,148</u>	<u>\$ 73,505</u>
\$ 4,350,739	\$ (630,671)
1,588,843	495,502
(41,781)	(1,198)
17,354	
238,300	29,976
6,868	(345)
<u>(8,416)</u>	<u>(5,770)</u>
<u>\$ 6,151,907</u>	<u>\$ (112,506)</u>
\$ 716,627	\$ 73,505
<u>34,082,521</u>	
<u>\$ 34,799,148</u>	<u>\$ 73,505</u>

CITY OF STERLING, COLORADO
Notes to Financial Statements

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

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.

Sunset Memorial Gardens Fund – This fund is a special revenue fund established to account for contributions and expenditures related to operations and care of the cemetery.

CITY OF STERLING, COLORADO
Notes to Financial Statements

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. 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

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

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 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

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

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 Activities</u>	<u>Business-type Activities</u>
Buildings	50 years	40 years
Equipment	10-25 years	3-10 years
Improvements other than 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

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

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

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

Note A - Summary of significant accounting policies (Continued)

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

	<u>Restricted Fund Balance</u>	<u>Committed Fund Balance</u>
Public safety - police department	\$ 161,754	\$ -
Culture and recreation - parks	218,010	-
Culture and recreation - library	33,381	-
Culture and recreation - beautification	998,373	-
Capital improvements	-	61,509
Culture and recreation - museum	-	79,246
Culture and recreation - library	-	1,267
Culture and recreation - arts	-	55,700
Health and welfare - cemetery	-	229,536
	<u> </u>	<u> </u>
Totals	<u>\$ 1,411,518</u>	<u>\$ 427,258</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 \$2,382,466, of which \$250,000 were insured and \$2,132,466 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 Colotrust (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, 2020, the City had invested \$21,727,740 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:

Investment type	Fair value	Investment maturities (in years)		
		Less than 1	1-5	6-10
State investment pool	\$ 21,727,740	\$21,727,740	\$ -	\$ -

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 Colotrust 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 Activities</u>	<u>Business-type Activities</u>	<u>Total Receivables</u>
Utility accounts	\$ -	\$ 1,225,562	\$ 1,225,562
Property taxes	1,241,638	-	1,241,638
Other taxes	858,716	-	858,716
Other	254,167	-	254,167
Special assessments	<u>2,145</u>	<u>-</u>	<u>2,145</u>
Total	<u>\$ 2,356,666</u>	<u>\$ 1,225,562</u>	<u>\$ 3,582,228</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. 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>\$ 23,961</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	\$ 1,665
Other Governmental Funds	General Fund	8,848
General Fund	Internal Service Funds	<u>100,000</u>
Total		<u>\$ 110,513</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 Internal Service Funds (Employee Benefits Fund) to replenish General Fund reserves as well as from the General Fund to the Other Governmental Funds (Sunset Memorial Gardens Fund) for capital purposes.

Note E - Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Adjustments</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 1,899,660	\$ 272,540	\$ (199,430)	\$ 1,972,770
Construction in progress	<u>796,758</u>	<u>1,388,881</u>	<u>(1,252,225)</u>	<u>933,414</u>
Total capital assets, not being depreciated	2,696,418	1,661,421	(1,451,655)	2,906,184
Capital assets, being depreciated:				
Buildings	12,288,661	-	312,014	12,600,675
Equipment	10,698,631	421,220	30,299	11,150,150
Improvements	16,186,311	129,679	531,301	16,847,291
Infrastructure	<u>28,105,215</u>	<u>168,010</u>	<u>298,774</u>	<u>28,571,999</u>
Total capital assets, being depreciated	<u>67,278,818</u>	<u>718,909</u>	<u>1,172,388</u>	<u>69,170,115</u>
Total capital assets	69,975,236	2,380,330	(279,267)	72,076,299
Less accumulated depreciation for:				
Buildings	(5,709,446)	(261,681)	-	(5,971,127)
Equipment	(6,292,658)	(548,348)	69,788	(6,771,218)
Improvements	(8,626,747)	(414,012)	-	(9,040,759)
Infrastructure	<u>(13,816,707)</u>	<u>(575,985)</u>	<u>-</u>	<u>(14,392,692)</u>
Total accumulated depreciation	<u>(34,445,558)</u>	<u>(1,800,026)</u>	<u>69,788</u>	<u>(36,175,796)</u>
Governmental activities capital assets, net	<u>\$ 35,529,678</u>	<u>\$ 580,304</u>	<u>\$ (209,479)</u>	<u>\$ 35,900,503</u>

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note E – Capital assets (Continued)

	Beginning Balance	Addition	Deletions/ Adjustments	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 1,269,839	\$ -	\$ -	\$ 1,269,839
Construction in progress	831,100	2,039,477	(126,858)	2,743,719
Water rights	<u>707,637</u>	<u>18,750</u>	<u>-</u>	<u>726,387</u>
Total capital assets, not being depreciated	2,808,576	2,058,227	(126,858)	4,739,945
Capital assets, being depreciated				
Buildings	6,044,483	-	126,858	6,171,341
Equipment	3,805,581	30,725	-	3,836,306
Improvements	<u>62,658,263</u>	<u>1,703,859</u>	<u>-</u>	<u>64,362,122</u>
Total capital assets, being depreciated	<u>72,508,327</u>	<u>1,734,584</u>	<u>126,858</u>	<u>74,369,769</u>
Total capital assets	75,316,903	3,792,811	-	79,109,714
Less accumulated depreciation for:				
Buildings	(4,324,296)	(149,892)	-	(4,474,188)
Equipment	(2,900,178)	(165,789)	-	(3,065,967)
Improvements	<u>(23,419,895)</u>	<u>(1,273,162)</u>	<u>-</u>	<u>(24,693,057)</u>
Total accumulated depreciation	<u>(30,644,369)</u>	<u>(1,588,843)</u>	<u>-</u>	<u>(32,233,212)</u>
Business-type activities capital assets, net	<u>\$ 44,672,534</u>	<u>\$ 2,203,968</u>	<u>\$ -</u>	<u>\$ 46,876,502</u>

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

Governmental activities	
General government	\$ 53,201
Public safety	78,741
Public works	741,834
Health and welfare	9,521
Culture and recreation	421,227
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>495,502</u>
Total governmental activities	<u>\$ 1,800,026</u>

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note E - Capital assets (Continued)

Business-type activities		
Water		\$ 869,717
Sanitation		72,765
Sewer		<u>646,361</u>
Total business-type activities		<u>\$ 1,588,843</u>

Note F - Long-term debt

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Capital lease	\$ 341,434	\$ -	\$ (92,205)	\$ 249,229	\$ 58,922
Compensated absences	<u>599,909</u>	<u>665,529</u>	<u>(584,283)</u>	<u>681,155</u>	<u>40,000</u>
Total	<u>\$ 941,343</u>	<u>\$ 665,529</u>	<u>\$ (676,488)</u>	<u>\$ 930,384</u>	<u>\$ 98,922</u>

The compensated absences and capital lease obligation attributable to the governmental activities will be liquidated primarily by the General and Capital Replacement Funds.

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Business-type activities					
Notes from direct borrowings	\$ 19,586,334	\$ 33,466,640	\$ (1,353,363)	\$ 51,699,611	\$ 2,053,240
Premium on notes	449,300	818,929	(40,256)	1,227,973	-
Compensated absences	<u>78,155</u>	<u>95,402</u>	<u>(103,818)</u>	<u>69,739</u>	<u>5,000</u>
Totals	<u>\$ 20,113,789</u>	<u>\$ 34,380,971</u>	<u>\$ (1,497,437)</u>	<u>\$ 52,997,323</u>	<u>\$ 2,058,240</u>

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note F – Long-term debt (Continued)

Capital lease obligation

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

Water Fund - 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 \$1,386,844 (limited to \$1,250,000 as set forth in the loan agreement), which the City has funded with unobligated fund balances. The City must 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 204% of the current year's debt service.

Sewer Fund - The City entered into a \$33,466,640 note agreement with the Colorado Water Resources and Power Development Authority (the Authority) dated November 18, 2020, due in semi-annual installments ranging from \$338,421 to \$703,223 through 2050. The agreement provides for the disbursement of funds at the City's request to facilitate the expansion and improvements of the existing wastewater treatment facility including improvements and upgrades to the headworks facilities, influent pump station and force main, equalization basin, biological treatment processes, secondary clarifiers, process pumping system, and process control facilities.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note F - Long-term debt (Continued)

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 \$382,847 (limited to \$1,250,000 as set forth in the loan agreement), which the City has funded with unobligated fund balances. The City must 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. There were no debt service requirements in the current period.

The City's outstanding notes from direct borrowings related to business-type activities of \$28,558,845 and \$33,466,000, respectively, are secured with collateral from the net revenue from operations and use of the system as defined in the loan agreements. The outstanding notes contain a provision that in an event of default as defined in the loan agreements, the Authority shall have the right to direct the Trustee to take any action permitted or required pursuant to the loan agreements 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>
2021	\$ 58,922	\$ 9,312	\$ 2,053,240	\$ 900,304
2022	61,124	7,110	2,327,899	959,611
2023	63,407	4,827	2,364,149	925,014
2024	65,776	2,458	2,401,601	887,058
2025	-	-	2,437,579	850,117
2026-2030	-	-	12,747,393	3,695,534
2031-2035	-	-	8,890,898	1,972,575
2036-2040	-	-	5,636,903	1,500,274
2041-2045	-	-	6,084,140	1,057,304
2046-2050	-	-	6,755,809	387,887
Totals	<u>\$ 249,229</u>	<u>\$ 23,707</u>	<u>\$51,699,611</u>	<u>\$13,135,678</u>

CITY OF STERLING, COLORADO
Notes to Financial Statements

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%.

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 \$573,545. CIRSA was organized to be self-sustaining through member contributions with excess coverages being purchased from commercial companies.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note G - Risk management (Continued)

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

The City is covered under five separate pension plans. In addition, employees may also make voluntary contributions to the deferred compensation plan discussed in Note I. The City's General Fund has been used in prior years to liquidate any net pension obligation. The assets under these plans are not considered property of the City and are held by a third party administrator for the exclusive benefit of the plan participants and their beneficiaries. The City has little administrative involvement and does not perform the investing functions for the plans. Therefore, these assets are not included as part of the financial statements of the City.

Below is a summary of the deferred inflows/outflows, net pension assets and liabilities, and pension expense for the defined benefit plans.

	Deferred Outflows	Deferred Inflows	Net Pension Liability	Net Pension Asset	Pension Expense
SWDB - Police	\$ 629,514	\$ 149,930	\$ -	\$ 92,002	\$ 77,414
SWDB - Fire	596,176	120,444	-	78,891	30,027
Volunteer - Fire	21,694	12,954	61,425	-	8,841
Old Hire - Fire	<u>75,480</u>	<u>5,785</u>	<u>999,375</u>	<u>-</u>	<u>408,873</u>
Total	<u>\$ 1,322,864</u>	<u>\$ 289,113</u>	<u>\$ 1,060,800</u>	<u>\$ 170,893</u>	<u>\$ 525,155</u>

The City's five retirement plans and related disclosures are as follows:

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

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.

The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

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.

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. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings 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 covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits adjustments paid to

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H - Pension plans (Continued)

retired members are evaluated annually 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 for Urban Wage Earners and Clerical Workers (CPI-W).

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' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions. Through December 31, 2020, 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. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

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 pensionable earnings. Employer contributions are 8 percent in 2019 and 2020. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2019, members of the SWDB plan and their employers are contributing at the rate of 10.5 percent and 8 percent, respectively, of pensionable earnings for a total contribution rate of 18.5 percent.

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 22.5 percent and 23.0 percent of pensionable earnings in 2019 and 2020, respectively. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4 percent contribution, to reflect the actual cost of reentry by department, to plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

The contribution rate for members and employers of affiliated social security employers is 5.25 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.25 percent in 2019 and 9.50 percent in 2020. Per the 2014 member election, members of the affiliate social security group had their required member contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions are 4 percent in 2019 and 2020. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

Contributions to the Plan from the City were \$93,432.

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

At December 31, 2020 the City reported as asset of \$92,002 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2020. The City's proportion of the net pension asset 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, 2019, the City's proportion was .1627 percent, which was a decrease of .0056 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$77,414. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$ 141,363
Changes in assumptions and other inputs	186,842	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	20,666	6,269
Contributions subsequent to measurement date	93,432	-
Difference between expected and actual experience	<u>328,574</u>	<u>2,298</u>
Totals	<u>\$ 629,514</u>	<u>\$ 149,930</u>

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

\$93,432 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31, _____	Amount
2021	\$ 40,443
2022	25,298
2023	75,204
2024	12,057
2025	73,847
2026	65,564
2027	54,755
2028	32,555
2029	<u>6,429</u>
Totals	<u>\$ 386,152</u>

Actuarial assumptions. The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ended December 31, 2019. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial valuation date	January 1, 2020	January 1, 2019
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%	7.0%
Projected salary increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of living adjustments (COLA)	0%	0%
* Includes inflation at	2.5%	2.5%

For determining the total pension liability and actuarially determined contributions, 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.

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. The actuarial assumptions effective for actuarial valuations prior to January 1, 2020 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, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	38%	7.00%
Equity Long/Short	8%	6.00%
Private Markets	25%	9.20%
Fixed Income	15%	5.20%
Absolute Return	8%	5.50%
Managed Futures	4%	5.00%
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

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 2.75 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

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

	1% Decrease (6.00%)	Current Discount (7.00)	1% Increase (8.00)
Proportionate share of the net pension liability (asset)	\$ 557,826	\$ (92,002)	\$ (630,947)

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

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.

The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

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' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions. Through December 31, 2020, 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. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

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 pensionable earnings. Employer contributions are 8 percent in 2019 and 2020. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2019, members of the SWDB plan and their employers are contributing at the rate of 10.5 percent and 8 percent, respectively, of pensionable earnings for a total contribution rate of 18.5 percent.

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 22.5 percent and 23.0 percent of pensionable earnings in 2019 and 2020, respectively. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4 percent contribution, to reflect the actual cost of reentry by department, to plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 5.25 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.25 percent in 2019 and 9.50 percent in 2020. Per the 2014 member election, members of the affiliate social security group had their required member contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions are 4 percent in 2019 and 2020. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

Contributions to the Plan from the City were \$85,575.

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

At December 31, 2020 the City reported as asset of \$78,891 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2020. The City's proportion of the net pension asset 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, 2019, the City's proportion was .1395 percent, which was a decrease of .0162 percent from its proportion measured as of December 31, 2018.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

For the year ended December 31, 2020, the City recognized pension expense of \$30,027. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$ 114,466
Changes in assumptions and other inputs	169,772	
Changes in proportion and differences between contributions recognized and proportionate share of contributions	45,478	4,081
Contributions subsequent to measurement date	85,575	
Difference between expected and actual experience	<u>295,351</u>	<u>1,897</u>
Totals	<u>\$ 596,176</u>	<u>\$ 120,444</u>

\$85,575 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2021	\$ 42,897
2022	29,571
2023	75,535
2024	17,135
2025	69,823
2026	62,652
2027	52,937
2028	32,311
2029	<u>7,296</u>
Totals	<u>\$ 390,157</u>

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

Actuarial assumptions. The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ended December 31, 2019. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial valuation date	January 1, 2020	January 1, 2019
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%	7.0%
Projected salary increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of living adjustments (COLA)	0%	0%
* Includes inflation at	2.5%	2.5%

For determining the total pension liability and actuarially determined contributions, 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.

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. The actuarial assumptions effective for actuarial valuations prior to January 1, 2020 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, 2019, are summarized in the following table:

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	38%	7.00%
Equity Long/Short	8%	6.00%
Private Markets	25%	9.20%
Fixed Income	15%	5.20%
Absolute Return	8%	5.50%
Managed Futures	4%	5.00%
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.

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 2.75 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

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

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H - Pension plans (Continued)

	1% Decrease (6.00%)	Current Discount (7.00)	1% Increase (8.00)
Proportionate share of the net pension liability (asset)	\$ 478,336	\$ (78,891)	\$ (541,037)

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.

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.

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.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

Plan membership. At December 31, 2019, 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

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, 2020 included \$9,664 from the State of Colorado matching funds and \$13,404 from the City.

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

At December 31, 2020 the City reported a net pension liability of \$61,425. 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, 2020, the City recognized pension expense of \$8,841. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$ 12,831
Changes in assumptions and other inputs	8,290	-
Contributions subsequent to measurement date	13,404	-
Difference between expected and actual experience	<u>-</u>	<u>123</u>
 Totals	 <u>\$ 21,694</u>	 <u>\$ 12,954</u>

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

\$13,404 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 subsequent year. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31, _____	Amount
2021	\$ 3,727
2022	(3,242)
2023	563
2024	<u>(5,712)</u>
Totals	<u>\$ (4,664)</u>

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	Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. Post-retirement: 2006 central rates from the RP-2014 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. Disabled: 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.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

* 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 percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	2.00%	2.52%
Fixed Income	15.00%	5.20%
Managed Futures	4.00%	5.00%
Absolute Return	8.00%	5.50%
Long Short	8.00%	6.00%
Global Equity	38.00%	7.00%
Private Markets	<u>25.00%</u>	9.20%
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.

CITY OF STERLING, COLORADO
Notes to Financial Statements

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 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 2.75% (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%.

Changes in the net pension liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a)-(b)
Balances at beginning of year	\$ 506,981	\$ 407,475	\$ 99,506
Changes for the year			
Service cost	1,524	-	1,524
Interest on total pension liability	34,123	-	34,123
Benefit changes	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – employer	-	10,738	(10,738)
Contributions – state of Colorado	-	12,493	(12,493)
Net investment income	-	56,262	(56,262)
Benefit and refund payments	(41,220)	(41,220)	-
Administrative expenses	-	(5,765)	5,765
Net changes	(5,573)	32,508	(38,081)
Balances at end of year	\$ 501,408	\$ 439,983	\$ 61,425

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:

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

	1% Decrease <u>(6.00%)</u>	Current Discount <u>(7.00)</u>	1% Increase <u>(8.00)</u>
Net pension liability	\$ 117,210	\$ 61,425	\$ 15,122

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.

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.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H - Pension plans (Continued)

Plan membership. At December 31, 2019, pension plan membership consisted of the following:

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

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, 2020 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, 2020 the City reported a net pension liability of \$999,375. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020.

For the year ended December 31, 2020, the City recognized pension expense of \$408,873. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$ 5,785
Contributions subsequent to measurement date	<u>75,480</u>	<u>-</u>
 Totals	 <u>\$ 75,480</u>	 <u>\$ 5,785</u>

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

\$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 reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2021	\$ (919)
2022	(3,999)
2023	4,676
2024	<u>(5,543)</u>
Totals	<u>\$ (5,785)</u>

Actuarial assumptions. The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2020
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	4.50%
Retirement age	Any remaining actives are assumed to retire immediately.
Mortality	Post-retirement: 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. Disabled (pre-1980): Post-retirement rates set forward three years.

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

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

The actuarial assumptions used in the January 1, 2020 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 4.5 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 percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	10.0%	3.2%
Fixed Income	80.0%	5.0%
Managed Futures	0.0%	4.7%
Absolute Return	0.0%	5.0%
Long Short	0.0%	6.5%
Global Equity	10.0%	7.7%
Private Capital	<u>0.0%</u>	9.5%
Total	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 4.50 percent. The projection of cash flows used to determine the discount rate assumed that 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.

CITY OF STERLING, COLORADO
Notes to Financial Statements

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 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 4.50%; the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 4.50%.

Changes in the net pension liability

	<u>Increase (Decrease)</u>		
	Total Pension Liability <u>(a)</u>	Plan Fiduciary Position <u>(b)</u>	Net Pension Liability <u>(a)-(b)</u>
Balances at beginning of year	\$ 1,342,132	\$ 641,323	\$ 700,809
Changes for the year			
Service cost	-	-	-
Interest on the total pension liability	96,274	-	96,274
Benefit changes	-	-	-
Differences between expected and actual experience	(18,715)	-	(18,715)
Changes of assumptions	368,843	-	368,843
Contributions - employer	-	75,480	(75,480)
Net investment income	-	74,150	(74,150)
Benefit payments	(119,114)	(119,114)	-
Administrative expenses	-	(1,794)	1,794
Net changes	<u>327,288</u>	<u>28,722</u>	<u>298,566</u>
Balances at end of year	<u>\$ 1,669,420</u>	<u>\$ 670,045</u>	<u>\$ 999,375</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 4.50%, 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:

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H - Pension plans (Continued)

	1% Decrease <u>(3.50%)</u>	Current Discount <u>(4.50)</u>	1% Increase <u>(5.50)</u>
Net pension liability	\$ <u>1,169,607</u>	\$ <u>999,375</u>	\$ <u>853,967</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.

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 \$220,584.

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.

CITY OF STERLING, COLORADO
Notes to Financial Statements

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 \$34,003,930 was appropriated for all funds. Original and revised budgets, with corresponding actual expenditures on the budget basis of accounting are as follows:

<u>Fund</u>	<u>Original Budget Appropriation</u>	<u>Budget as Amended</u>	<u>Actual Expenditures</u>	<u>Variance – Favorable (Unfavorable)</u>
General Fund	\$ 14,839,471	\$ 15,648,265	\$ 14,066,365	\$ 1,581,900
Water Fund	7,264,131	8,214,749	6,508,247	1,706,502
Sanitation Fund	691,628	691,628	605,041	86,587
Sewer Fund	1,979,095	4,093,605	3,674,294	419,311
Hotel Tax Fund	3,150	51,450	41,517	9,933
Sunset Memorial Gardens Fund	40,225	40,225	18,796	21,429
Perpetual Care Fund	40,340	40,340	35,116	5,224
Conservation Trust Fund	166,825	187,307	180,005	7,302
Karl Filch Library Trust Fund	355	355	55	300
Old Hire Police Pension Fund	100,453	100,453	93,268	7,185
Employee Benefits Fund	2,626,222	2,626,222	2,622,847	3,375
Service Center Fund	648,522	654,522	628,562	25,960
Risk Management Fund	620,680	993,343	892,804	100,539
Capital Replacement Fund	239,781	319,945	350,491	(30,546)
Capital Improvement Fund	23,310	341,521	328,796	12,725
Total	<u>\$ 29,284,188</u>	<u>\$ 34,003,930</u>	<u>\$ 30,046,204</u>	<u>\$ 3,957,726</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

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note K - Commitments and contingencies (Continued)

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.

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.

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) :****Fire & Police Statewide Defined Benefit Plan - Police****December 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability/(asset)	0.1627%	0.1683%	0.1725%	0.1967%
City's proportionate share of the net pension liability/(asset)	\$ (92,002)	\$ 212,804	\$ (248,235)	\$ 71,075
City's covered payroll	\$ 1,206,480	\$ 1,085,459	\$ 1,009,287	\$ 1,006,672
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	7.6%	-19.6%	24.6%	7.1%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	101.90%	95.20%	106.30%	98.21%

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

† 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>	<u>2014</u>
0.2072%	0.2076%	0.2069%
\$ (3,652)	\$ (234,301)	\$ (185,025)
\$ 1,004,303	\$ 933,615	\$ 898,738
0.4%	25.1%	20.6%
100.10%	106.80%	105.80%

CITY OF STERLING, COLORADO
Schedule of City Contributions 1
Fire & Police Statewide Defined Benefit Plan - Police
December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 93,432	\$ 95,916	\$ 86,836	\$ 80,742
Contributions in relation to the contractually required contribution	<u>(93,432)</u>	<u>(95,916)</u>	<u>(86,836)</u>	<u>(80,742)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,171,417	\$ 1,206,480	\$ 1,085,459	\$ 1,009,287
Contributions as a percentage of covered payroll	7.98%	7.95%	8.00%	8.00%

1 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>	<u>2014</u>	<u>2013</u>
\$ 80,534	\$ 80,345	\$ 74,689	\$ 71,899
<u>(80,534)</u>	<u>(80,345)</u>	<u>(74,689)</u>	<u>(71,899)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,006,672	\$ 1,004,303	\$ 933,615	\$ 898,738
8.00%	8.00%	8.00%	8.00%

CITY OF STERLING, COLORADO**Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset) :****Fire & Police Statewide Defined Benefit Plan - Fire****December 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability/(asset)	0.1395%	0.1557%	0.1589%	0.1731%
City's proportionate share of the net pension liability/(asset)	\$ (78,891)	\$ 196,874	\$ (228,623)	\$ 62,539
City's covered payroll	\$ 1,051,848	\$ 1,006,405	\$ 929,538	\$ 885,777
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-7.5%	19.6%	24.6%	7.1%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	101.90%	95.20%	106.30%	98.21%

* 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.

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.1723%	0.1713%	0.1783%
\$ (3,037)	\$ (193,370)	\$ (159,423)
\$ 835,267	\$ 770,525	\$ 774,375
0.4%	25.1%	20.6%
100.10%	106.80%	105.80%

CITY OF STERLING, COLORADO
Schedule of City Contributions 1
Fire & Police Statewide Defined Benefit Plan - Fire
December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 85,575	\$ 82,248	\$ 80,511	\$ 74,363
Contributions in relation to the contractually required contribution	<u>(85,575)</u>	<u>(82,248)</u>	<u>(80,511)</u>	<u>(74,363)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,097,720	\$ 1,051,848	\$ 1,006,405	\$ 929,538
Contributions as a percentage of covered payroll	7.80%	7.82%	8.00%	8.00%

1 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>	<u>2014</u>	<u>2013</u>
\$ 70,863	\$ 66,821	\$ 61,642	\$ 61,950
<u>(70,863)</u>	<u>(66,821)</u>	<u>(61,642)</u>	<u>(61,950)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 885,777	\$ 835,267	\$ 770,525	\$ 774,375
8.00%	8.00%	8.00%	8.00%

CITY OF STERLING, COLORADO

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

	2020	2019	2018
Total pension liability			
Service cost	\$ 1,524	\$ 2,822	\$ 2,822
Interest on the total pension liability	34,123	35,229	35,503
Benefit changes	-	-	-
Differences between expected and actual experience	-	[38]	-
Changes of assumptions	-	21,620	-
Benefit payments	(41,220)	(41,220)	(42,720)
Net change in total pension liability	(5,573)	18,413	(4,395)
Total pension liability - beginning	506,981	488,568	492,963
Total pension liability - ending (a)	<u>\$ 501,408</u>	<u>\$ 506,981</u>	<u>\$ 488,568</u>
Plan fiduciary net position			
Contributions - employer	\$ 10,738	\$ 13,881	\$ 13,881
Net investment income	56,262	(23)	55,262
Benefit payments	(41,220)	(41,220)	(42,720)
Pension plan administrative expenses	(5,765)	(5,593)	(6,175)
State of Colorado supplemental discretionary payment	12,493	12,493	12,493
Net change in plan fiduciary net position	32,508	(20,462)	32,741
Plan fiduciary net position - beginning	407,475	427,937	395,196
Plan fiduciary net position - ending (b)	<u>\$ 439,983</u>	<u>\$ 407,475</u>	<u>\$ 427,937</u>
City's net pension liability/(asset) - ending (a) - (b)	<u>\$ 61,425</u>	<u>\$ 99,506</u>	<u>\$ 60,631</u>
Plan fiduciary net position as a percentage of the total pension liability	87.75%	80.37%	87.59%
Covered payroll	N/A	N/A	N/A
City's net pension liability as a percentage of covered payroll	N/A	N/A	N/A

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

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

2017	2016	2015
\$ 5,046	\$ 5,046	\$ 5,331
36,043	36,448	36,897
-	-	-
(14,390)	-	245
11,855	-	-
(46,520)	(47,270)	(49,320)
(7,966)	(5,776)	(6,847)
500,929	506,705	513,552
<u>\$ 492,963</u>	<u>\$ 500,929</u>	<u>\$ 506,705</u>

\$ 13,881	\$ 16,696	\$ 12,501
19,972	7,273	26,155
(46,520)	(47,270)	(49,320)
(877)	(2,992)	(987)
15,026	11,251	11,251
1,482	(15,042)	(400)
393,714	408,756	409,156
<u>\$ 395,196</u>	<u>\$ 393,714</u>	<u>\$ 408,756</u>

<u>\$ 97,767</u>	<u>\$ 107,215</u>	<u>\$ 97,949</u>
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80.17%	78.60%	80.67%
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N/A	N/A	N/A
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N/A	N/A	N/A
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CITY OF STERLING, COLORADO
Schedule of City Contributions :
Sterling Volunteer Fire Department Pension Fund
Last 10 Fiscal Years

Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2020	\$ 13,404	\$ 23,068	\$ (9,664)	N/A	N/A
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.

1 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
Sterling Old Hire Fire Pension Fund
Last 10 Fiscal Years**

	2020	2019	2018
Total pension liability			
Service cost	\$ -	\$ -	\$ -
Interest on the total pension liability	96,274	97,872	96,318
Benefit changes	-	-	-
Differences between expected and actual experience	(18,715)	-	41,871
Changes of assumptions	368,843	-	-
Benefit payments	(119,114)	(119,240)	(115,767)
Net change in total pension liability	327,288	(21,368)	22,422
Total pension liability - beginning	1,342,132	1,363,500	1,341,078
Total pension liability - ending (a)	<u>\$ 1,669,420</u>	<u>\$ 1,342,132</u>	<u>\$ 1,363,500</u>
Plan fiduciary net position			
Contributions - employer	\$ 75,480	\$ 64,508	\$ 64,508
Contributions - employee	-	-	-
Net investment income	74,150	(720)	91,074
Benefit payments	(119,114)	(119,240)	(115,767)
Pension plan administrative expenses	(1,794)	(3,616)	(1,253)
Net change in plan fiduciary net position	28,722	(59,068)	38,562
Plan fiduciary net position - beginning	641,323	700,391	661,829
Plan fiduciary net position - ending (b)	<u>\$ 670,045</u>	<u>\$ 641,323</u>	<u>\$ 700,391</u>
City's net pension liability/(asset) - ending (a) - (b)	<u>\$ 999,375</u>	<u>\$ 700,809</u>	<u>\$ 663,109</u>
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.78%	51.37%
Covered payroll	N/A	N/A	N/A
City's net pension liability as a percentage of covered payroll	N/A	N/A	N/A

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

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

2017	2016	2015
\$ -	\$ -	\$ -
97,555	90,203	91,410
-	-	-
-	37,048	-
-	81,512	-
(112,395)	(109,122)	(105,943)
(14,840)	99,641	(14,533)
1,355,918	1,256,277	1,270,810
<u>\$ 1,341,078</u>	<u>\$ 1,355,918</u>	<u>\$ 1,256,277</u>

\$ 50,937	\$ 50,937	\$ 50,937
-	-	-
34,135	13,088	47,348
(112,395)	(109,122)	(105,943)
(2,915)	(1,360)	(3,978)
(30,238)	(46,457)	(11,636)
692,067	738,524	750,160
<u>\$ 661,829</u>	<u>\$ 692,067</u>	<u>\$ 738,524</u>
<u>\$ 679,249</u>	<u>\$ 663,851</u>	<u>\$ 517,753</u>

49.35%	51.04%	58.79%
N/A	N/A	N/A
N/A	N/A	N/A

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

Year Ended December 31,	Actuarially Determined Contribution *	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2020	\$ 75,480	\$ 75,480	\$ -	N/A	N/A
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.

1 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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 9,862,555	\$ 9,862,555	\$ 10,384,264	\$ 521,709
Licenses and permits	176,000	176,000	290,228	114,228
Intergovernmental	2,361,157	2,639,343	2,308,442	(330,901)
Charges for services	271,943	271,943	103,474	(168,469)
Fines and forfeitures	72,500	72,500	66,689	(5,811)
Earnings on investments	70,000	70,000	20,208	(49,792)
Miscellaneous	1,201,234	1,233,618	1,048,347	(185,271)
Total revenues	14,015,389	14,325,959	14,221,652	(104,307)
Expenditures				
Current				
General government	3,041,916	3,133,083	3,010,886	122,197
Public safety	5,711,149	5,771,990	5,509,922	262,068
Public works	2,763,071	3,072,182	2,593,734	478,448
Health and welfare	238,908	238,908	228,635	10,273
Culture and recreation	3,064,427	3,412,102	2,714,340	697,762
Total expenditures	14,819,471	15,628,265	14,057,517	1,570,748
Excess of revenues over (under) expenditures	(804,082)	(1,302,306)	164,135	1,466,441
Other financing sources (uses)				
Proceeds from the sale of assets			23,282	23,282
Transfers in	104,000	104,000	101,665	(2,335)
Transfers out	(20,000)	(20,000)	(8,848)	11,152
Total other financing sources (uses)	84,000	84,000	116,099	32,099
Net change in fund balance	\$ (720,082)	\$ (1,218,306)	280,234	\$ 1,498,540
Fund balance at beginning of year			4,124,365	
Fund balance at end of year			\$ 4,404,599	

CITY OF STERLING, COLORADO
Notes to Required Supplementary Information

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 20th 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 15th, 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

Note A – Budgets and budgetary accounting (continued)

- 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.

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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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Taxes				
General property	\$ 1,222,637	\$ 1,222,637	\$ 1,221,885	\$ (752)
Specific ownership	135,000	135,000	136,289	1,289
General sales and use	7,852,168	7,852,168	8,401,067	548,899
Franchise	637,600	637,600	608,873	(28,727)
Employee occupation	15,150	15,150	16,150	1,000
Total taxes	9,862,555	9,862,555	10,384,264	521,709
Licenses and permits				
Business	28,000	28,000	25,555	(2,445)
Non-business	148,000	148,000	264,673	116,673
Total licenses and permits	176,000	176,000	290,228	114,228
Intergovernmental				
Federal and state grants	486,652	758,413	449,610	(308,803)
State shared revenue	481,277	481,277	468,748	(12,529)
Road and bridge	75,000	75,000	71,954	(3,046)
Special districts	1,318,228	1,324,653	1,318,130	(6,523)
Total intergovernmental	2,361,157	2,639,343	2,308,442	(330,901)
Charges for services				
General government	5,900	5,900	3,173	(2,727)
Public safety	6,025	6,025	3,990	(2,035)
Highways and streets	12,088	12,088	5,279	(6,809)
Health	940	940		(940)
Cemeteries	26,960	26,960	45,035	18,075
Culture and recreation	208,015	208,015	40,939	(167,076)
Museum fees	12,015	12,015	5,058	(6,957)
Total charges for services	271,943	271,943	103,474	(168,469)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Fines and forfeitures				
Court	65,000	65,000	63,420	(1,580)
Library	7,500	7,500	3,269	(4,231)
Total fines and forfeitures	72,500	72,500	66,689	(5,811)
Earnings on investments	70,000	70,000	20,208	(49,792)
Miscellaneous				
Rents	90,500	90,500	46,809	(43,691)
Fuel sales	224,600	224,600	160,658	(63,942)
Contributions	3,000	3,000	7,135	4,135
Refunds of expenditures			5,247	5,247
Administrative cost reimbursement	764,384	764,384	764,284	(100)
Miscellaneous	118,750	151,134	64,214	(86,920)
Total miscellaneous	1,201,234	1,233,618	1,048,347	(185,271)
Total revenues	<u>\$ 14,015,389</u>	<u>\$ 14,325,959</u>	<u>\$ 14,221,652</u>	<u>\$ (104,307)</u>

CITY OF STERLING, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
General government				
City council	\$ 49,464	\$ 49,464	\$ 46,911	\$ 2,553
City manager	379,479	379,479	384,781	(5,302)
City attorney	270,468	270,468	216,395	54,073
Municipal court	128,758	128,758	115,697	13,061
Finance department	583,780	598,135	588,366	9,769
City hall and non-departmental Personnel	1,423,509	1,497,405	1,473,574	23,831
	206,458	209,374	185,162	24,212
Total general government	3,041,916	3,133,083	3,010,886	122,197
Public safety				
Police department	2,325,928	2,330,624	2,161,570	169,054
Dispatch center	931,251	943,396	897,120	46,276
Youth services	122,905	122,905	118,787	4,118
Fire department	1,712,754	1,756,754	1,718,904	37,850
Ambulance services	618,311	618,311	613,541	4,770
Total public safety	5,711,149	5,771,990	5,509,922	262,068
Public works				
Street division	1,630,096	1,720,925	1,615,052	105,873
Administration	453,456	456,846	450,869	5,977
Airport	679,519	894,411	527,813	366,598
Total public works	2,763,071	3,072,182	2,593,734	478,448
Health and welfare				
Cemetery	238,908	238,908	228,635	10,273
Culture and recreation				
Museum	305,107	587,086	474,131	112,955
Parks	502,640	502,640	414,459	88,181
Recreation center	780,763	780,763	517,980	262,783
Forestry	180,480	180,480	184,893	(4,413)
Recreation division	672,600	692,672	562,337	130,335
Library	622,837	668,461	560,540	107,921
Total culture and recreation	3,064,427	3,412,102	2,714,340	697,762
Total expenditures	<u>\$ 14,819,471</u>	<u>\$ 15,628,265</u>	<u>\$ 14,057,517</u>	<u>\$ 1,570,748</u>

**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.
- Sunset Memorial Gardens Fund – This fund was established to account for resources and expenditures related to operations and care of the cemetery.
- 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, 2020

	<u>Special Revenue Funds</u>		
	<u>Conservation Trust Fund</u>	<u>Perpetual Care Fund</u>	<u>Karl Falch Library Fund</u>
Assets			
Cash	\$ 1	\$ 5,015	\$ 436
Investments	218,009	213,211	32,945
Receivables			
Total assets	<u>\$ 218,010</u>	<u>\$ 218,226</u>	<u>\$ 33,381</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	218,010		33,381
Committed to capital improvements			
Committed to health and welfare		218,226	
Total fund balance	<u>218,010</u>	<u>218,226</u>	<u>33,381</u>
Total liabilities and fund balance	<u>\$ 218,010</u>	<u>\$ 218,226</u>	<u>\$ 33,381</u>

Special Revenue Funds			Capital Projects Fund	
Hotel Tax Fund	Sunset Memorial Gardens Fund	Old Hire Police Pension Fund	Capital Improvement Fund	Total
\$ 9,759	\$ 1,362	\$ 737	\$ 12,915	\$ 30,225
986,214		161,017	48,158	1,659,554
14,992	9,948		436	25,376
<u>\$ 1,010,965</u>	<u>\$ 11,310</u>	<u>\$ 161,754</u>	<u>\$ 61,509</u>	<u>\$ 1,715,155</u>
\$ 12,592				\$ 12,592
12,592	\$ -	\$ -	\$ -	12,592
		161,754		161,754
998,373			61,509	1,249,764
	11,310			61,509
				229,536
<u>998,373</u>	<u>11,310</u>	<u>161,754</u>	<u>61,509</u>	<u>1,702,563</u>
<u>\$ 1,010,965</u>	<u>\$ 11,310</u>	<u>\$ 161,754</u>	<u>\$ 61,509</u>	<u>\$ 1,715,155</u>

CITY OF STERLING, COLORADO
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2020

	Special Revenue Funds		
	Conservation Trust Fund	Perpetual Care Fund	Karl Falch Library Fund
Revenues			
Taxes			
Intergovernmental revenue	\$ 144,280		
Earnings on investments	1,661	\$ 1,668	\$ 238
Charges for services			
Miscellaneous		21,095	
Total revenues	145,941	22,763	238
Expenditures			
Current			
General government			
Public safety			
Health and welfare		33,451	
Culture and recreation	180,005		55
Total expenditures	180,005	33,451	55
Excess of revenues over (under) expenditures	(34,064)	(10,688)	183
Other financing sources (uses)			
Proceeds from the sale of assets			
Transfers in			
Transfers out		(1,665)	
Total other financing sources (uses)	-	(1,665)	-
Net change in fund balance	(34,064)	(12,353)	183
Fund balance at beginning of year	252,074	230,579	33,198
Fund balance at end of year	\$ 218,010	\$ 218,226	\$ 33,381

Special Revenue Funds			Capital Projects Fund	
Hotel Tax Fund	Sunset Memorial Gardens Fund	Old Hire Police Pension Fund	Capital Improvement Fund	Total
\$ 165,849				\$ 165,849
6,380		\$ 1,676	\$ 800	144,280
	\$ 21,258		16,934	12,423
			11,470	16,934
172,229	21,258.0000	1,676	29,204	53,823
				393,309
			328,796	328,796
		93,268		93,268
	18,796			52,247
41,517				221,577
41,517	18,796	93,268	328,796	695,888
130,712	2,462	(91,592)	(299,592)	(302,579)
	8,848		135,165	135,165
				8,848
				(1,665)
	8,848		135,165	142,348
130,712	11,310	(91,592)	(164,427)	(160,231)
867,661		253,346	225,936	1,862,794
\$ 998,373	\$ 11,310	\$ 161,754	\$ 61,509	\$ 1,702,563

CITY OF STERLING, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 200,000	\$ 200,000	\$ 144,280	\$ (55,720)
Earnings on investments	3,500	3,500	1,661	(1,839)
Total revenues	203,500	203,500	145,941	(57,559)
Expenditures				
Current				
Culture and recreation	166,825	187,307	180,005	7,302
Total expenditures	166,825	187,307	180,005	7,302
Net change in fund balance	\$ 36,675	\$ 16,193	(34,064)	\$ (50,257)
Fund balance at beginning of year			252,074	
Fund balance at end of year			\$ 218,010	

CITY OF STERLING, COLORADO
Perpetual Care Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 4,000	\$ 4,000	\$ 1,668	\$ (2,332)
Miscellaneous	13,000	13,000	21,095	8,095
Total revenues	17,000	17,000	22,763	5,763
Expenditures				
Current				
Health and welfare	36,340	36,340	33,451	2,889
Total expenditures	36,340	36,340	33,451	2,889
Excess of revenues over (under) expenditures	(19,340)	(19,340)	(10,688)	8,652
Other financing uses				
Transfers out	(4,000)	(4,000)	(1,665)	2,335
Net change in fund balance	\$ (23,340)	\$ (23,340)	(12,353)	\$ 10,987
Fund balance at beginning of year			230,579	
Fund balance at end of year			\$ 218,226	

CITY OF STERLING, COLORADO
Karl Falch Library Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 800	\$ 800	\$ 238	\$ (562)
Total revenues	800	800	238	(562)
Expenditures				
Current				
Culture and recreation	355	355	55	300
Total expenditures	355	355	55	300
Net change in fund balance	\$ 445	\$ 445	183	\$ (262)
Fund balance at beginning of year			33,198	
Fund balance at end of year			\$ 33,381	

CITY OF STERLING, COLORADO
Hotel Tax Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Hotel lodging tax	\$ 220,000	\$ 220,000	\$ 165,849	\$ (54,151)
Earnings on investments	20,000	20,000	6,380	(13,620)
Total revenues	240,000	240,000	172,229	(67,771)
Expenditures				
Current				
Culture and recreation	3,150	51,450	41,517	9,933
Total expenditures	3,150	51,450	41,517	9,933
Net change in fund balance	\$ 236,850	\$ 188,550	130,712	\$ (77,704)
Fund balance at beginning of year			867,661	
Fund balance at end of year			\$ 998,373	

CITY OF STERLING, COLORADO
Sunset Memorial Gardens Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Miscellaneous	\$ 31,550	\$ 31,550	\$ 21,258	\$ (10,292)
Total revenues	31,550	31,550	21,258	(10,292)
Expenditures				
Current				
Health and welfare	40,225	40,225	18,796	21,429
Total expenditures	40,225	40,225	18,796	21,429
Excess of revenues over (under) expenditures	(8,675)	(8,675)	2,462	(31,721)
Other financing sources				
Transfers in	20,000	20,000	8,848	(11,152)
Net change in fund balance	\$ 11,325	\$ 11,325	11,310	\$ (42,873)
Fund balance at beginning of year			-	
Fund balance at end of year			\$ 11,310	

CITY OF STERLING, COLORADO
Old Hire Police Pension Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 5,000	\$ 5,000	\$ 1,676	\$ (3,324)
Total revenues	5,000	5,000	1,676	(3,324)
Expenditures				
Current				
Public safety	100,453	100,453	93,268	7,185
Total expenditures	100,453	100,453	93,268	7,185
Net change in fund balance	\$ (95,453)	\$ (95,453)	(91,592)	\$ 3,861
Fund balance at beginning of year			253,346	
Fund balance at end of year			\$ 161,754	

CITY OF STERLING, COLORADO
Capital Improvement Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 10,000	\$ 10,000	\$ 800	\$ (9,200)
Rents	15,951	15,951	16,934	983
Miscellaneous			11,470	11,470
Total revenues	25,951	25,951	29,204	3,253
Expenditures				
Current				
General government	23,310	341,521	328,796	12,725
Total expenditures	23,310	341,521	328,796	12,725
Excess of revenues over (under) expenditures	2,641	(315,570)	(299,592)	15,978
Other financing sources				
Proceeds from the sale of assets		136,000	135,165	(835)
Total other financing sources	-	136,000	135,165	(835)
Net change in fund balance	\$ 2,641	\$ (179,570)	(164,427)	\$ 15,143
Fund balance at beginning of year			225,936	
Fund balance at end of year			\$ 61,509	

Budgetary Comparison Schedules - Enterprise Funds

The City reports the following major enterprise 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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 7,082,387	\$ 7,082,387	\$ 6,377,781	\$ (704,606)
Total operating revenues	7,082,387	7,082,387	6,377,781	(704,606)
Operating expenses				
Personnel	718,978	718,978	683,439	35,539
Maintenance and supplies	2,445,769	2,492,012	1,581,329	910,683
Administrative cost allocation	474,712	474,712	474,712	-
Capital purchases	1,763,000	2,667,375	1,952,632	714,743
Total operating expenses	5,402,459	6,353,077	4,692,112	1,660,965
Operating income	1,679,928	729,310	1,685,669	956,359
Nonoperating revenues (expenses)				
Earnings on investments	110,000	110,000	47,386	(62,614)
Rents and rights	87,510	87,510	90,390	2,880
Miscellaneous	3,250	3,250	3,941	691
Principal paid on notes	(1,353,363)	(1,353,363)	(1,353,363)	-
Interest and fiscal charges	(508,309)	(508,309)	(462,772)	45,537
Total nonoperating revenues (expenses)	(1,660,912)	(1,660,912)	(1,674,418)	(13,506)
Net income (loss) before capital contributions	19,016	(931,602)	11,251	942,853

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Capital contributions	26,500	26,500	18,360	(8,140)
Change in net position	<u>\$ 45,516</u>	<u>\$ (905,102)</u>	29,611	<u>\$ 934,713</u>
Adjustments to GAAP Basis				
Add capital purchases			1,952,632	
Add principal paid on notes			1,353,363	
Deduct depreciation			<u>(869,717)</u>	
Change in net position - GAAP Basis			2,465,889	
Net position at beginning of year			<u>23,876,351</u>	
Net position at end of year			<u>\$ 26,342,240</u>	

CITY OF STERLING, COLORADO
Sanitation Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 664,000	\$ 664,000	\$ 660,494	\$ (3,506)
Total operating revenues	664,000	664,000	660,494	(3,506)
Operating expenses				
Personnel	262,931	262,931	201,257	61,674
Maintenance and supplies	338,485	338,485	313,572	24,913
Administrative cost allocation	90,212	90,212	90,212	-
Total operating expenses	691,628	691,628	605,041	86,587
Operating income (loss)	(27,628)	(27,628)	55,453	83,081
Nonoperating revenues				
Earnings on investments	12,000	12,000	4,421	(7,579)
Total nonoperating revenues	12,000	12,000	4,421	(7,579)
Change in net position	\$ (15,628)	\$ (15,628)	59,874	\$ 75,502
Adjustments to GAAP Basis				
Deduct depreciation			(72,765)	
Change in net position - GAAP Basis			(12,891)	
Net position at beginning of year			1,154,032	
Net position at end of year			\$ 1,141,141	

CITY OF STERLING, COLORADO
Sewer Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 4,006,500	\$ 4,006,500	\$ 3,987,389	\$ (19,111)
Total operating revenues	4,006,500	4,006,500	3,987,389	(19,111)
Operating expenses				
Personnel	550,068	550,068	540,019	10,049
Maintenance and supplies	781,179	781,959	1,002,182	(220,223)
Administrative cost allocation	199,360	199,360	199,360	-
Capital purchases	448,488	2,562,218	1,840,178	722,040
Total operating expenses	1,979,095	4,093,605	3,581,739	511,866
Operating income (loss)	2,027,405	(87,105)	405,650	492,755
Nonoperating revenues (expenses)				
Earnings on investments	130,000	130,000	54,412	(75,588)
Loan proceeds			34,285,569	34,285,569
Interest and fiscal charges			(92,555)	(92,555)
Total nonoperating revenues	130,000	130,000	34,247,426	34,117,426
Net income before capital contributions	2,157,405	42,895	34,653,076	34,610,181
Capital contributions	20,000	20,000	17,433	(2,567)
Change in net position	\$ 2,177,405	\$ 62,895	34,670,509	\$ 34,607,614
Adjustments to GAAP Basis				
Add capital purchases			1,840,178	
Deduct loan proceeds			(34,285,569)	
Deduct depreciation and amortization			(646,361)	
Change in net position - GAAP Basis			1,578,757	
Net position at beginning of year			15,781,217	
Net position at end of year			\$ 17,359,974	

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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, 2020

	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Assets			
Current assets			
Cash	\$ 18,751	\$ 26,739	\$ 17,428
Investments	479,385	276,492	792,836
Receivables		1,295	
Total current assets	498,136	304,526	810,264
Noncurrent assets			
Capital assets, net of accumulated depreciation	3,243,700		
Total noncurrent assets	3,243,700	-	-
Total assets	\$ 3,741,836	\$ 304,526	\$ 810,264
Liabilities			
Current liabilities			
Accounts payable	\$ 61,291	\$ 246	
Accrued salaries and benefits payable			
Accrued interest payable	9,312		
Current portion of capital lease obligation	58,922		
Total current liabilities	129,525	246	\$ -
Long-term liabilities			
Accrued compensated absences			
Capital lease obligation	190,307		
Total long-term liabilities	190,307	-	-
Total liabilities	319,832	246	-
Net position			
Net investment in capital assets	2,994,471		
Restricted for emergencies			440,000
Unrestricted	427,533	304,280	370,264
Total net position	3,422,004	304,280	810,264
Total liabilities and net position	\$ 3,741,836	\$ 304,526	\$ 810,264

Service Center Fund	Total
\$ 10,587	\$ 73,505
274,914	1,823,627
	1,295
<u>285,501</u>	<u>1,898,427</u>
<u>1,522,494</u>	<u>4,766,194</u>
<u>1,522,494</u>	<u>4,766,194</u>
<u>\$ 1,807,995</u>	<u>\$ 6,664,621</u>
\$ 5,241	\$ 66,778
12,839	12,839
	9,312
	58,922
<u>18,080</u>	<u>147,851</u>
28,648	28,648
	190,307
<u>28,648</u>	<u>218,955</u>
46,728	366,806
	2,994,471
	440,000
<u>1,761,267</u>	<u>2,863,344</u>
<u>1,761,267</u>	<u>6,297,815</u>
<u>\$ 1,807,995</u>	<u>\$ 6,664,621</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, 2020

	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Operating revenues			
Charges for services	\$ 243,542	\$ 2,513,369	\$ 563,455
Miscellaneous			997
Total operating revenues	243,542	2,513,369	564,452
Operating expenses			
Claims			308,564
Premiums		2,517,950	583,630
Personnel			
Maintenance and supplies	53,651	4,897	610
Depreciation and amortization	405,592		
Total operating expenses	459,243	2,522,847	892,804
Operating loss	(215,701)	(9,478)	(328,352)
Nonoperating revenues (expenses)			
Earnings on investments	3,647	2,634	6,880
Insurance proceeds			121,082
Federal and state grants	7,300		
Gain (loss) on disposal of assets	(10,049)		
Debt service interest and fiscal charges	(9,657)		
Total nonoperating revenues (expenses)	(8,759)	2,634	127,962
Net loss before transfers	(224,460)	(6,844)	(200,390)
Transfers out		(100,000)	
Change in net position	(224,460)	(106,844)	(200,390)
Net position at beginning of year	3,646,464	411,124	1,010,654
Net position at end of year	<u>\$ 3,422,004</u>	<u>\$ 304,280</u>	<u>\$ 810,264</u>

<u>Service Center Fund</u>	<u>Total</u>
\$ 629,523	\$ 3,949,889
	997
<u>629,523</u>	<u>3,950,886</u>
	308,564
	3,101,580
501,963	501,963
114,790	173,948
89,910	495,502
<u>706,663</u>	<u>4,581,557</u>
(77,140)	(630,671)
1,999	15,160
	121,082
	7,300
	(10,049)
	(9,657)
<u>1,999</u>	<u>123,836</u>
(75,141)	(506,835)
	(100,000)
(75,141)	(606,835)
<u>1,836,408</u>	<u>6,904,650</u>
<u>\$ 1,761,267</u>	<u>\$ 6,297,815</u>

CITY OF STERLING, COLORADO
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2020

	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Cash flows from operating activities			
Receipts from customers	\$ 243,542	\$ 2,512,171	\$ 564,452
Payments to providers		(2,517,992)	(585,130)
Payments to claimants			(308,564)
Payments to suppliers	(25,760)	(4,897)	(610)
Payments to employees			
Net cash provided (used) by operating activities	217,782	(10,718)	(329,852)
Cash flows from noncapital financing activities			
Insurance proceeds			121,082
Federal and state grant funds	7,300		
Transfers to other funds		(100,000)	
Net cash provided (used) by noncapital financing activities	7,300	(100,000)	121,082
Cash flows from capital and related financing activities			
Purchase of capital assets	(194,978)		
Principal paid on capital lease obligations	(92,205)		
Interest and fiscal charges paid on capital debt	(12,815)		
Net cash used by capital and related financing activities	(299,998)		
Cash flows from investing activities			
Sale of investments	80,000	123,000	210,000
Purchase of investments			
Net cash provided (used) by investing activities	80,000	123,000	210,000
Net change in cash and cash equivalents	5,084	12,282	1,230
Cash and cash equivalents at beginning of year	13,667	14,457	16,198
Cash and cash equivalents at end of year	<u>\$ 18,751</u>	<u>\$ 26,739</u>	<u>\$ 17,428</u>

Service Center Fund	Total
\$ 629,523	\$ 3,949,688
	(3,103,122)
	(308,564)
(111,163)	(142,430)
(508,078)	(508,078)
10,282	(112,506)
	121,082
	7,300
	(100,000)
	28,382
(11,809)	(206,787)
	(92,205)
	(12,815)
(11,809)	(311,807)
	413,000
(5,000)	(5,000)
(5,000)	408,000
(6,527)	12,069
17,114	61,436
<u>\$ 10,587</u>	<u>\$ 73,505</u>

(continued)

CITY OF STERLING, COLORADO
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2020

(continued)	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Reconciliation of operating loss to net cash provided (used) by operating activities			
Operating loss	\$ (215,701)	\$ (9,478)	\$ (328,352)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation and amortization	405,592		
Changes in operating assets and liabilities			
Accounts receivable		(1,198)	
Accounts payable	27,891	(42)	(1,500)
Accrued salaries and benefits payable			
Accrued compensated absences			
Net cash provided (used) by operating activities	<u>\$ 217,782</u>	<u>\$ (10,718)</u>	<u>\$ (329,852)</u>

<u>Service Center Fund</u>	<u>Total</u>
\$ (77,140)	\$ (630,671)
89,910	495,502
	(1,198)
3,627	29,976
(345)	(345)
<u>(5,770)</u>	<u>(5,770)</u>
<u>\$ 10,282</u>	<u>\$ (112,506)</u>

CITY OF STERLING, COLORADO
Capital Replacement Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 238,846	\$ 243,542	\$ 243,542	\$ -
Total operating revenues	238,846	243,542	243,542	-
Operating expenses				
Maintenance and supplies	935	935	935	-
Noncapital purchases			52,716	(52,716)
Capital purchases	238,846	319,010	194,978	124,032
Total operating expenses	239,781	319,945	248,629	71,316
Operating income (loss)	(935)	(76,403)	(5,087)	71,316
Nonoperating revenues (expenses)				
Earnings on investments	14,000	14,000	3,647	(10,353)
Federal and state grants		7,300	7,300	-
Proceeds from sale of assets				-
Principal paid on lease			(92,205)	(92,205)
Interest and fiscal charges			(9,657)	(9,657)
Total nonoperating revenues (expenses)	14,000	21,300	(90,915)	(112,215)
Change in net position	\$ 13,065	\$ (55,103)	(96,002)	\$ (40,899)
Adjustments to GAAP Basis				
Add principal paid on lease			92,205	
Add capital purchases			194,978	
Deduct net book value of disposed assets			(10,049)	
Deduct depreciation			(405,592)	
Change in net position - GAAP Basis			(224,460)	
Net position at beginning of year			3,646,464	
Net position at end of year			\$ 3,422,004	

CITY OF STERLING, COLORADO
Employee Benefits Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 2,522,072	\$ 2,522,072	\$ 2,513,369	\$ (8,703)
Total operating revenues	2,522,072	2,522,072	2,513,369	(8,703)
Operating expenses				
Premiums	2,522,072	2,522,072	2,517,950	4,122
Maintenance and supplies	4,150	4,150	4,897	(747)
Total operating expenses	2,526,222	2,526,222	2,522,847	3,375
Operating loss	(4,150)	(4,150)	(9,478)	(5,328)
Nonoperating revenues				
Earnings on investments	12,000	12,000	2,634	(9,366)
Total nonoperating revenues	12,000	12,000	2,634	(9,366)
Net income (loss) before transfers	7,850	7,850	(6,844)	(14,694)
Transfers out	(100,000)	(100,000)	(100,000)	-
Change in net position	\$ (92,150)	\$ (92,150)	(106,844)	\$ (14,694)
Net position at beginning of year			411,124	
Net position at end of year			\$ 304,280	

CITY OF STERLING, COLORADO
Risk Management Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 559,970	\$ 559,970	\$ 563,455	\$ 3,485
Miscellaneous	2,000	2,000	997	(1,003)
Total operating revenues	561,970	561,970	564,452	2,482
Operating expenses				
Claims	50,000	422,663	308,564	114,099
Premiums	569,970	569,970	583,630	(13,660)
Maintenance and supplies	710	710	610	100
Total operating expenses	620,680	993,343	892,804	100,539
Operating loss	(58,710)	(431,373)	(328,352)	103,021
Nonoperating revenues (expenses)				
Insurance proceeds	50,000	50,000	121,082	71,082
Earnings on investments	20,000	20,000	6,880	(13,120)
Total nonoperating revenues (expenses)	70,000	70,000	127,962	57,962
Change in net position	\$ 11,290	\$ (361,373)	(200,390)	\$ 160,983
Net position at beginning of year			1,010,654	
Net position at end of year			\$ 810,264	

CITY OF STERLING, COLORADO
Service Center Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 629,522	\$ 629,522	\$ 629,523	\$ 1
Total operating revenues	629,522	629,522	629,523	1
Operating expenses				
Personnel	525,783	525,783	501,963	23,820
Maintenance and supplies	110,739	110,739	114,790	(4,051)
Capital purchases	12,000	18,000	11,809	6,191
Total operating expenses	648,522	654,522	628,562	25,960
Operating loss	(19,000)	(25,000)	961	25,961
Nonoperating revenues				
Earnings on investments	7,000	7,000	1,999	(5,001)
Total nonoperating revenues	7,000	7,000	1,999	(5,001)
Change in net position	\$ (12,000)	\$ (18,000)	2,960	\$ 20,960
Adjustments to GAAP Basis				
Add capital purchases			11,809	
Deduct depreciation			(89,910)	
Change in net position - GAAP Basis			(75,141)	
Net position at beginning of year			1,836,408	
Net position at end of year			\$ 1,761,267	

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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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Tax increment financing	\$ 640,000	\$ 640,000	\$ 743,531	\$ 103,531
Earnings on investments	70,000	70,000	17,090	(52,910)
Total revenues	710,000	710,000	760,621	50,621
Expenditures				
Grants and contributions	854,000	854,000	83,197	770,803
Legal and professional fees	5,000	5,000	2,860	2,140
County treasurer's fees	12,800	12,800	14,871	(2,071)
Contribution to LCEDC	15,000	15,000	15,000	-
Improvement projects	70,000	70,000		70,000
Miscellaneous	3,200	3,200	3,645	(445)
Total expenditures	960,000	960,000	119,573	840,427
Net change in fund balance	\$ (250,000)	\$ (250,000)	641,048	\$ 891,048
Fund balance at beginning of year			3,958,589	
Fund balance at end of year			\$ 4,599,637	

**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.

LOCAL HIGHWAY FINANCE REPORT

City or County:
Sterling
YEAR ENDING :
December 2020

This Information From The Records Of (example - City of _ or County of _)
City of Sterling

Prepared By: Deb Forbes
Phone: 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
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	708,845
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	316,459
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	89,781
2. General fund appropriations	1,519,716	b. Snow and ice removal	43,393
3. Other local imposts (from page 2)	208,243	c. Other	203,097
4. Miscellaneous local receipts (from page 2)	25,788	d. Total (a. through c.)	336,271
5. Transfers from toll facilities		4. General administration & miscellaneous	143,586
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	611,738
a. Bonds - Original Issues		6. Total (1 through 5)	2,116,899
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,753,747	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	363,152	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,116,899	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	2,116,899

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		2,116,899	2,116,899		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	25,788
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	208,243	g. Other Misc. Receipts	
6. Total (1. through 5.)	208,243	h. Other	
c. Total (a. + b.)	208,243	i. Total (a. through h.)	25,788
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	321,068	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	42,084	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.)	42,084	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	363,152	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities		708,845	708,845
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	708,845	708,845
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	708,845	708,845
			(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
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STERLING

A Colorado Treasure

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in Capital Assets	\$28,048	\$28,225	\$28,664	\$30,638	\$32,617	\$34,120	\$34,729	\$34,846	\$35,188	\$35,650
Nonspendable prepaid expenses	122	-	-	-	-	-	-	-	-	-
Restricted for:										
Emergencies	360	370	370	370	420	420	420	420	440	440
Public Safety	-	-	754	637	460	352	142	57	253	162
Culture and recreation	229	342	483	767	710	514	715	952	1,153	1,250
Pensions	-	-	-	-	670	213	155	648	-	171
Unrestricted	5,658	8,129	6,175	6,869	6,552	6,056	6,011	5,829	6,114	5,411
Total governmental activities net position	\$34,417	\$35,066	\$36,446	\$39,281	\$41,429	\$41,675	\$42,172	\$42,552	\$43,148	\$43,084
Business-type activities										
Net investment in Capital Assets	\$12,631	\$21,339	\$22,519	\$15,973	\$16,714	\$20,146	\$22,327	\$24,324	\$24,637	\$28,230
Restricted for system improvements	-	-	-	1,957	1,957	184	80	81	83	83
Unrestricted	12,551	6,720	7,524	13,678	13,301	12,362	11,235	11,426	16,136	16,477
Total business-type activities net position	\$25,182	\$28,059	\$30,043	\$31,608	\$31,972	\$32,692	\$33,642	\$35,831	\$40,856	\$44,790
Primary government										
Net investment in Capital Assets	\$40,679	\$49,564	\$51,183	\$46,611	\$49,331	\$54,266	\$57,056	\$59,170	\$59,625	\$63,881
Nonspendable prepaid expenses	122	-	-	-	-	-	-	-	-	-
Restricted for:										
Emergencies	360	370	370	370	420	420	420	420	440	440
Public Safety	-	-	754	637	460	352	142	57	253	162
Culture and recreation	229	342	483	767	710	514	715	952	1,153	1,250
Pensions	-	-	-	-	670	213	155	648	-	171
System Improvements	-	-	-	1,957	1,957	184	80	81	83	82
Unrestricted	18,209	12,849	13,699	20,547	19,853	18,418	17,246	17,055	22,250	21,888
Total primary government net position	\$59,599	\$63,125	\$66,489	\$70,689	\$73,401	\$74,367	\$75,814	\$78,383	\$84,004	\$87,674

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 2,777	\$ 2,395	\$ 2,698	\$ 2,684	\$ 3,042	\$ 2,833	\$ 2,772	\$ 2,773	\$ 2,992	\$ 3,113
Public Safety	4,285	4,189	4,384	4,818	4,798	5,448	5,542	5,135	5,457	6,163
Public Works	1,677	2,378	2,470	2,467	1,629	2,503	2,182	2,323	2,315	2,346
Parks, Library, Recreation	2,751	2,861	2,827	2,860	2,497	3,053	3,092	3,216	3,316	3,084
Interest on Long-term debt	87	82	58	49	45	35	24	26	13	10
Total governmental activities expenses	11,577	11,905	12,437	12,678	12,011	13,872	13,612	13,473	14,093	14,716
Business-type activities:										
Water	2,354	2,679	2,814	3,361	4,324	4,241	4,403	4,328	3,935	4,116
Sanitation	434	493	446	478	476	464	504	576	607	693
Sewer	1,815	1,640	1,893	1,851	1,863	2,088	2,344	2,080	2,023	2,518
Total business-type activities expenses	4,603	4,812	4,953	5,688	6,663	6,793	7,251	6,984	6,565	7,327
Total primary government expenses	\$16,180	\$16,717	\$17,390	\$18,366	\$18,674	\$20,665	\$20,863	\$20,437	\$20,658	\$22,043
Program Revenue										
Governmental activities:										
Charge for Services - General Government	\$ 263	\$ 216	\$ 149	\$ 158	\$ 219	\$ 198	\$ 113	\$ 122	\$ 207	\$ 234
Charge for Services - Public Safety	103	94	81	80	83	76	69	51	47	49
Charge for Services - Public Works	354	360	339	335	225	218	225	246	261	239
Charge for Services - Parks, Library, Rec.	353	352	358	358	318	367	369	337	328	203
Operating grants	779	687	890	818	682	638	669	731	763	702
Capital grants	340	217	-	1,913	453	548	249	5	186	368
Total governmental activities program revenues	2,192	1,926	1,815	3,652	1,960	2,043	1,694	1,492	1,792	1,795
Business-type activities:										
Charge for Services - Water	4,252	5,470	4,910	5,016	5,003	5,130	5,372	5,829	6,340	6,378
Charge for Services - Sanitation	458	457	468	479	471	609	601	611	669	661
Charge for Services - Sewer	1,739	1,718	1,658	1,736	1,688	1,663	2,053	2,440	4,128	3,987
Operating grants	-	-	-	-	-	-	6	18	-	-
Capital grants	40	32	45	28	81	36	37	52	39	36
Total business-type activities program revenues	6,489	7,677	7,079	7,259	7,243	7,438	8,069	8,950	11,176	11,062
Total primary government program revenues	\$ 8,681	\$ 9,603	\$ 8,894	\$10,921	\$ 9,203	\$ 9,481	\$ 9,763	\$10,442	\$12,968	\$12,857

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (expense)/revenue										
Governmental activities	\$ (9,395)	\$ (9,978)	\$ (10,622)	\$ (9,016)	\$ (10,051)	\$ (11,829)	\$ (11,918)	\$ (11,981)	\$ (12,301)	\$ (12,921)
Business-type activities	1,895	2,865	2,126	1,571	580	645	818	1,986	4,611	3,735
Total primary government net expense	<u>\$ (7,499)</u>	<u>\$ (7,114)</u>	<u>\$ (8,496)</u>	<u>\$ (7,445)</u>	<u>\$ (9,471)</u>	<u>\$ (11,184)</u>	<u>\$ (11,100)</u>	<u>\$ (9,995)</u>	<u>\$ (7,690)</u>	<u>\$ (9,186)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property Tax	\$ 1,029	\$ 1,011	\$ 1,018	\$ 1,038	\$ 1,048	\$ 1,095	\$ 1,116	\$ 1,139	\$ 1,149	\$ 1,222
Specific Ownership Tax	-	-	-	127	126	119	122	123	139	136
Sales and Use Tax	6,655	6,799	6,912	7,703	7,620	7,427	7,349	7,609	8,236	8,401
Franchise Tax	686	652	685	899	684	632	635	626	614	609
Other Taxes	112	243	292	227	213	158	222	236	225	182
Unrestricted Earnings on Investments	6	14	8	8	14	47	72	137	162	48
Miscellaneous	1,450	1,816	3,022	1,956	2,433	2,501	2,685	2,399	2,372	2,259
Sale of Assets	100	1	-	-	11	-	8	-	-	-
Transfers	73	92	93	93	94	96	92	92	-	-
Total governmental activities	<u>\$10,111</u>	<u>\$10,628</u>	<u>\$12,030</u>	<u>\$11,851</u>	<u>\$12,223</u>	<u>\$12,075</u>	<u>\$12,301</u>	<u>\$12,361</u>	<u>\$12,897</u>	<u>\$12,857</u>
Business-type activities:										
Unrestricted Earnings on Investments	\$ 5	\$ 13	\$ 9	\$ 11	\$ 20	\$ 74	\$ 135	\$ 208	\$ 266	\$ 106
Miscellaneous	49	91	238	12	186	96	89	86	149	94
Sale of Assets	4	-	1	165	27	-	-	-	-	-
Transfers	(73)	(92)	(93)	(93)	(94)	(96)	(92)	(92)	-	-
Total business-type activities	<u>(15)</u>	<u>12</u>	<u>155</u>	<u>95</u>	<u>119</u>	<u>74</u>	<u>132</u>	<u>202</u>	<u>414</u>	<u>200</u>
Total primary government	<u>\$10,096</u>	<u>\$10,640</u>	<u>\$12,185</u>	<u>\$11,946</u>	<u>\$12,342</u>	<u>\$12,149</u>	<u>\$12,433</u>	<u>\$12,563</u>	<u>\$13,311</u>	<u>\$13,057</u>
Changes in Net Position										
Governmental activities	\$ 726	\$ 649	\$ 1,408	\$ 2,835	\$ 2,172	\$ 246	\$ 383	\$ 380	\$ 596	\$ (64)
Business-type activities	1,871	2,877	2,281	1,666	699	719	950	2,188	5,025	3,835
Total primary government	<u>\$ 2,597</u>	<u>\$ 3,526</u>	<u>\$ 3,689</u>	<u>\$ 4,501</u>	<u>\$ 2,871</u>	<u>\$ 965</u>	<u>\$ 1,333</u>	<u>\$ 2,568</u>	<u>\$ 5,621</u>	<u>\$ 3,871</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable - prepaid items	\$ -	\$ 119	\$ -	\$ 85	\$ 70	\$ 93	\$ 124	\$ 103	\$ 100	\$ 96
Committed to:										
Culture and recreation	88	131	141	140	141	127	127	127	146	136
Unassigned	2,721	2,875	2,687	3,132	3,682	3,144	3,118	3,551	3,878	4,172
Total General Fund	\$ 2,809	\$ 3,125	\$ 2,808	\$ 3,357	\$ 3,893	\$ 3,384	\$ 3,369	\$ 3,781	\$ 4,124	\$ 4,404
All other governmental funds										
Nonspendable - prepaid items	\$ -	\$ -	\$ 230	\$ 155	\$ 72	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:										
Public safety	-	-	754	637	460	352	142	57	253	162
Culture and recreation	229	342	483	768	710	514	715	952	1,153	1,250
Committed to:										
Capital Improvement	827	791	825	841	572	488	509	532	226	61
Health & Welfare	154	174	202	190	185	225	223	237	231	230
Total all other governmental funds	\$ 1,210	\$ 1,307	\$ 2,494	\$ 2,591	\$ 1,999	\$ 1,579	\$ 1,589	\$ 1,778	\$ 1,863	\$ 1,703

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue										
Taxes	\$ 8,483	\$ 8,699	\$ 8,925	\$ 9,795	\$ 9,672	\$ 9,432	\$ 9,447	\$ 9,733	\$ 10,364	\$ 10,550
Licenses and Permits	282	251	182	212	267	251	163	169	252	290
Intergovernmental	1,828	2,098	2,135	4,031	2,572	2,437	2,480	2,269	2,239	2,453
Charges for services	268	283	293	279	259	278	290	280	279	120
Fines and forfeitures	137	127	108	106	105	101	93	72	67	67
Earnings on investments	3	8	5	5	9	27	41	83	110	33
Miscellaneous	1,120	985	2,126	989	1,200	1,242	1,358	1,106	1,406	1,102
Total Revenue	\$12,121	\$12,451	\$13,774	\$15,417	\$14,064	\$13,766	\$13,872	\$13,712	\$14,717	\$14,615
Expenditures										
General Government	\$ 2,562	\$ 2,508	\$ 2,745	\$ 2,658	\$ 3,140	\$ 3,036	\$ 2,765	\$ 2,636	\$ 3,213	\$ 3,339
Public Safety	3,641	4,295	4,577	4,761	5,335	5,397	5,303	5,299	5,530	5,603
Public Works	2,414	2,507	2,965	4,628	2,757	3,152	2,898	2,152	2,872	2,594
Cemetery	201	192	168	237	184	203	235	223	237	281
Recreation	2,338	2,308	2,312	2,348	2,607	2,789	2,521	2,683	2,837	2,936
Capital Outlay	1,176	93	-	-	-	-	-	-	-	-
Total Expenditures	\$12,332	\$11,903	\$12,767	\$14,632	\$14,023	\$14,577	\$13,722	\$12,973	\$14,689	\$14,753
Excess of revenues over (under) expenditures	\$ (211)	\$ 548	\$ 1,007	\$ 785	\$ 61	\$ (809)	\$ 150	\$ 739	\$ 28	\$ (138)
Other financing sources (uses)										
Transfers in	\$ 294	\$ 47	\$ 1	\$ 1	\$ 39	\$ 1	\$ 5	\$ 2	\$ 480	\$ 110
Transfers out	(420)	(181)	(139)	(140)	(155)	(141)	(140)	(140)	(80)	(10)
Sale of land and buildings	100	-	-	-	-	-	-	-	-	159
Total other financing sources (uses)	\$ (26)	\$ (134)	\$ (138)	\$ (139)	\$ (116)	\$ (140)	\$ (135)	\$ (138)	\$ 400	\$ 258
Net change in fund balances	\$ (237)	\$ 414	\$ 869	\$ 646	\$ (55)	\$ (949)	\$ 15	\$ 601	\$ 428	\$ 120
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%

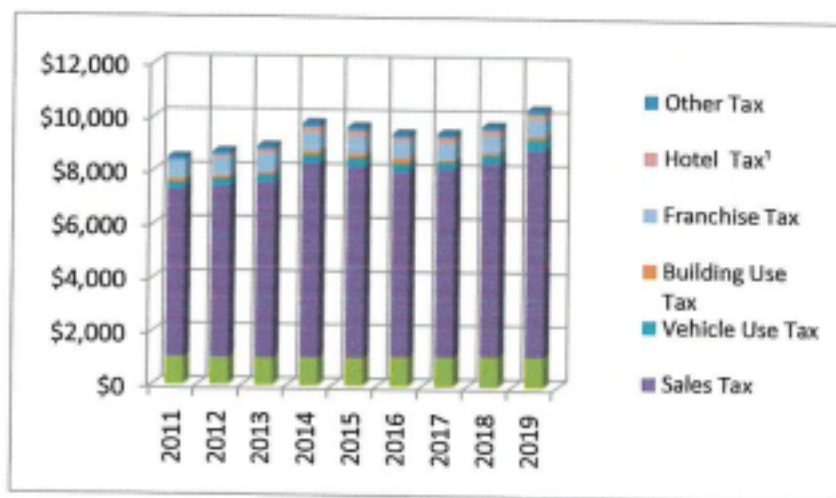
The City of Sterling has no debt service in the Governmental Funds.

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 ¹	Other Tax	Total
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
2020	\$ 1,222	\$ 7,834	\$ 389	\$ 178	\$ 609	\$ 166	\$ 152	\$ 10,550

Change								
2011-2020	19%	25%	72%	21%	-11%	43%	36%	

¹Voters 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 Year	Overlapping Governments				Total
	City of Sterling	Logan County	RE-1 Valley School District	Other	
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
2020	14.094	29.908	37.615	2.576	84.193

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		Agriculture	Natural		State Assessed
			Land	Industrial		Resources	Gas & Oil	
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
2020	\$47,794	\$76,458	\$2,534	\$25,367	\$62,820	\$430	\$6,104	\$137,093

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 Year	<u>City of Sterling</u>	<u>Logan County</u>	<u>South Platte Rural Transportation Auth</u>	<u>State of Colorado</u>
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%
2020	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 ¹	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture, Forestry & Fishing	\$3	\$5	\$7	\$8	\$19	\$71	\$50	\$11	\$11	\$10
Mining	\$7	\$6	\$8	\$8	\$11	\$12	\$1	\$3	\$2	\$3
Construction	\$45	\$65	\$48	\$57	\$59	\$79	\$64	\$59	\$54	\$77
Manufacturing	\$216	\$213	\$200	\$163	\$169	\$158	\$160	\$178	\$258	\$283
Transportation & Public Utilities	\$753	\$640	\$640	\$628	\$608	\$542	\$570	\$590	\$571	\$516
Wholesale Trade	\$172	\$220	\$202	\$516	\$332	\$228	\$968	\$285	\$389	\$295
Retail Trade	\$4,626	\$4,832	\$4,933	\$5,149	\$5,386	\$5,257	\$4,638	\$5,439	\$5,768	\$6,065
Finance, Insurance & Real Estate	\$1	\$2	\$2	\$7	\$6	\$8	\$9	\$9	\$15	\$12
Services	\$460	\$434	\$515	\$746	\$544	\$550	\$542	\$632	\$640	\$555

¹Due 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 ¹	Population ¹	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				
2011	\$1,355	\$176	\$0	\$819	\$28,294	\$31,644			3.56%	14,327	\$2,209	
2012	\$1,190	\$147	\$0	\$669	\$29,252	\$31,258			3.22%	14,120	\$2,214	
2013	\$1,015	\$103	\$0	\$514	\$27,984	\$29,616			2.90%	13,982	\$2,118	
2014	\$830	\$69	\$0	\$353	\$26,699	\$27,951			2.59%	14,203	\$1,998	
2015	\$635	\$35	\$164	\$186	\$25,382	\$26,412			2.37%	14,182	\$1,862	
2016	\$430	\$0	\$134	\$0	\$24,081	\$24,845			2.28%	14,166	\$1,740	
2017	\$220	\$0	\$102	\$0	\$22,751	\$23,073			2.17%	13,988	\$1,649	
2018	\$0	\$361	\$69	\$0	\$21,402	\$21,832			2.11%	13,971	\$1,563	
2019	\$0	\$306	\$35	\$0	\$20,035	\$20,376			1.99%	13,976	\$1,458	
2020	\$0	\$249	\$0	\$34,266	\$18,642	\$53,177			N/A ²	N/A ²	N/A ²	

¹ See demographic economic statistics on page 168 for personal income and population data.

² Information for 2020 was not available at the time of the schedule preparation.

City of Sterling, Colorado
Direct and Overlapping Governmental Activities Debt
December 31, 2020
(amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Percentage Applicable	Amount Applicable
City of Sterling Direct Debt	\$249	100.00%	\$249
City of Sterling Overlapping Debt	<u>\$0</u>		<u>\$0</u>
Total	<u>\$249</u>		<u>\$249</u>

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 14,603	\$ 17,073	\$ 17,353	\$ 17,462	\$ 17,677	\$ 18,520	\$ 18,627	\$ 20,163	\$ 20,584	\$ 20,692
Debt applicable to limit	<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>	<u>249</u>
Legal Debt Margin	<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>	<u>\$ 20,443</u>

Legal Debt Margin Calculation for Fiscal Year 2020

Actual valuation	\$ 689,742
Debt limit - 3% of actual valuation	\$ 20,692
Amount of debt outstanding	\$ 51,948
Less deductions allowed:	
Sewer Loan	\$ 33,466
Water Loan	\$ 18,233
Total amount of debt applicable to debt limit	<u>\$ 249</u>
Legal Debt Margin	<u>\$ 20,443</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 Year	City Population ¹	County Population ²	Per Capita Income ²	Personal Income ²	School Enrollment ³	Unemployment Rate Percent ⁴
			(in thousands)			
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	13,976	21,914	46,697	1,023,131	2,624	2.3%
2020	N/A ⁵	N/A ⁵	N/A ⁵	N/A ⁵	2,078	4.7%

Data sources

¹Colorado Division of Local Government Demography Office

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

³RE-1 School District

⁴Bureau of Labor Statistics; percentage for Logan County

⁵Information for 2020 was not available at the time of the schedule preparation.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function										
General government	17	17	17	16	15	15	14	15	15	14
Public safety										
Police										
Officers	21	21	21	23	20	20	22	22	21	21
Civilians	5	5	5	5	5	6	6	6	6	6
Fire										
Firefighters	21	21	22	22	22	22	22	22	22	22
Civilians	1	1	1	1	1	1	1	1	1	1
Dispatch	8	9	8	7	10	11	11	11	11	11
Parks, Library, Recreation	25	22	23	26	24	25	27	26	31	25
Public Works	14	14	14	14	16	15	15	12	14	15
Water	4	5	8	9	9	9	10	10	11	10
Sanitation	4	4	4	4	4	4	4	3	4	3
Sewer System										
Sewer	2	2	2	1	1	4	4	4	4	4
Wastewater	4	4	3	4	4	5	4	4	4	3
Service Center	6	6	6	6	8	7	6	7	7	7
TOTAL	132	131	134	138	139	144	146	143	151	142

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Physical arrests	548	532	627	641	665	454	753	941	1,023	1,592
Traffic Accidents	308	250	267	297	257	256	250	228	264	197
Traffic charges	4,752	4,857	4,368	4,014	4,377	4,057	4,433	4,385	5,082	2,337
Fire										
Medical calls	1,048	1,283	1,403	1,743	2,077	1,990	2,034	2,101	2,059	2,093
Fire calls	110	151	90	95	140	116	116	114	90	141
Hazardous Calls	319	379	265	460	103	78	114	101	94	76
Public Works										
Building Permits:										
Residential	2	3	7	7	5	8	4	7	2	2
Non-residential	45	46	33	38	56	66	61	38	89	132
Construction Value:										
Residential ¹	\$205	\$373	\$773	\$1,165	\$611	\$630	\$392	\$993	\$167	\$229
Non-residential ¹	\$2,561	\$3,474	\$2,260	\$1,568	\$2,465	\$2,562	\$2,366	\$2,087	\$555	\$4,986
Parks, Library, Recreation										
Patrons using Library	55,951	57,214	49,085	47,707	39,507	42,072	36,041	65,730	72,810	26,471
Recreation Division Programs	7	7	6	6	6	6	6	6	9	2
Recreation Division Teams	261	269	254	258	275	266	227	114	256	73
Sanitation										
Compacted refuse (tons)	5,866	5,547	5,701	5,756	5,742	5,842	5,901	5,740	5,763	6,056
Loose collected (tons)	789	990	1,061	742	601	891	1,058	917	799	949
Water										
Meters Read	55,514	55,617	58,533	57,548	56,513	57,866	57,977	58,837	58,574	57,957
Services Installed	3	3	6	9	29	10	7	10	19	0

Sources: Various city departments.
¹Information presented in thousands.

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

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	10	10	10	10	10	10	9	8	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 (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	383	383	386	386	386	386	389	389	389	391
Max. daily capacity (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.

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