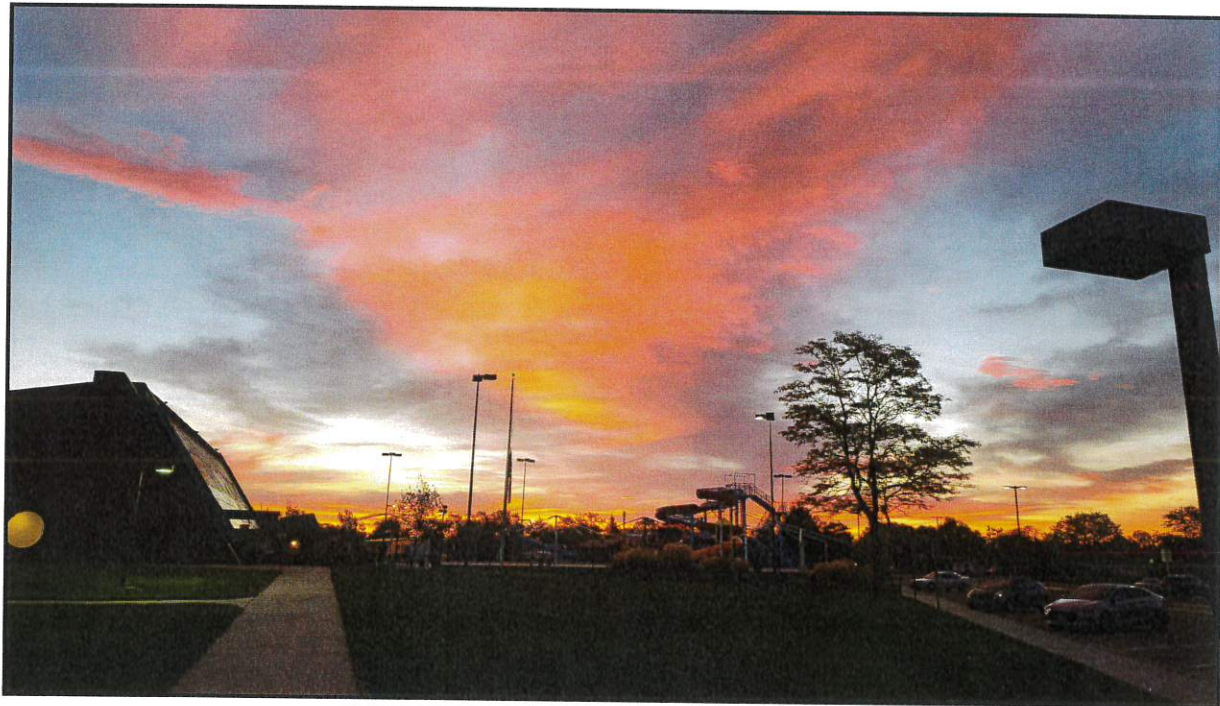


City of Sterling, Colorado

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended December 31, 2021



STERLING
A Colorado Treasure

Cover Photograph Description

Sunrise at the City of Sterling Recreation Center. (Provided by Cassia Freeland)



City of Sterling, Colorado

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Year Ended December 31, 2021

**Prepared by:
Department of Finance and Records
Debra Lyn Forbes, Director of Finance/City Clerk**

City of Sterling, Colorado
Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2021

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INTRODUCTORY SECTION



June 20, 2022

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

The annual comprehensive financial report of the City of Sterling, Colorado, for the year ended December 31, 2021, 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 2021 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; EMS service; 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 2021. Sales tax revenue, which was 56% of the General Fund revenue in 2021, was 13.6% higher than that collected in 2020. The City's General Fund saw an 11% increase in revenues in 2021 compared to 2020.

During 2021 the unemployment rate decreased from the 4.7% in 2020 to the current rate of 4.2%.

The City's Code Enforcement Specialist issued 99 building permits in 2021, which were 35 permits less than issued in 2020. The construction value for 2021 was estimated at approximately \$15.8 million, of which \$15.3 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 2021

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.

In 2019 the City contracted with the Colorado Center for Community Development, College of Architecture and Planning, University of Colorado – Denver, to develop conceptual plans to redevelop a former gas station located in the gateway to Historic Downtown Sterling, in to an urban park. Plans progressed and with the help of partnerships with Sterling Community Fund, City of Sterling, Sterling Urban Renewal Authority, and Sterling Citizens Advisory Board for Lodging Taxes, in addition to contributions from Businesses; Better Electric Inc., Industrial Welding & Supply Co. Inc., and Nichols Tillage Tools Inc., Heritage Park became a reality, not just a vision. The park is anticipated to be complete in 2022.

In 2021 the City continued updating the water distribution infrastructure. Bids were advertised for a project to include the replacement of several distribution lines throughout the City. The project will begin construction in the summer of 2022 with completion anticipated by early fall.

The Airport Master Plan was completed in 2021 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.

In 2021, the Airport Pavement Maintenance Project, which included crack sealing, fog sealing and remarking the pavements at the Sterling Municipal Airport, was completed. Eligible pavements included the runway, taxiways, and apron areas.

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 3.0 mgd to meet future wastewater flow based upon projected population growth through the year 2040. The preliminary design for the plant was completed in 2019. The project will take place in these areas: Headworks, Force Main and the Wastewater Treatment Facility. The Headworks started in 2021 and has a completion date of October 2022. The Force Main will start work in 2022, with project completion of 2023. The entire project is anticipated to be completed in late 2025.

In 2019 the City of Sterling asked to borrow \$37 million to help fund the Wastewater Project. Due to supply chain issues, new Build America Buy America requirements, and inflation factors it is anticipated the City will have to go back to the voters in 2022 asking for additional funds

The City has been working on the East Chestnut Multi-Use trail. This project 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 2022.

The City 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 annual

comprehensive financial report for the fiscal year ended December 31, 2020. This was the thirtieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive 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,



Kevin Blankenship
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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

**City of Sterling, Colorado
City Council and Senior Management
as of December 31, 2021**

City Council

Mayor	Term expires 2023	Brenda Desormeaux
Council Member Ward 1	Term expires 2025	Martin Gaines
Council Member Ward 1	Term expires 2023	Mike Anderson
Council Member Ward 2	Term expires 2025	Vacant
Council Member Ward 2	Term expires 2023	Mandy Ritter
Council Member Ward 3	Term expires 2025	Luke Janes
Council Member Ward 3	Term expires 2023	Kelly Blecha

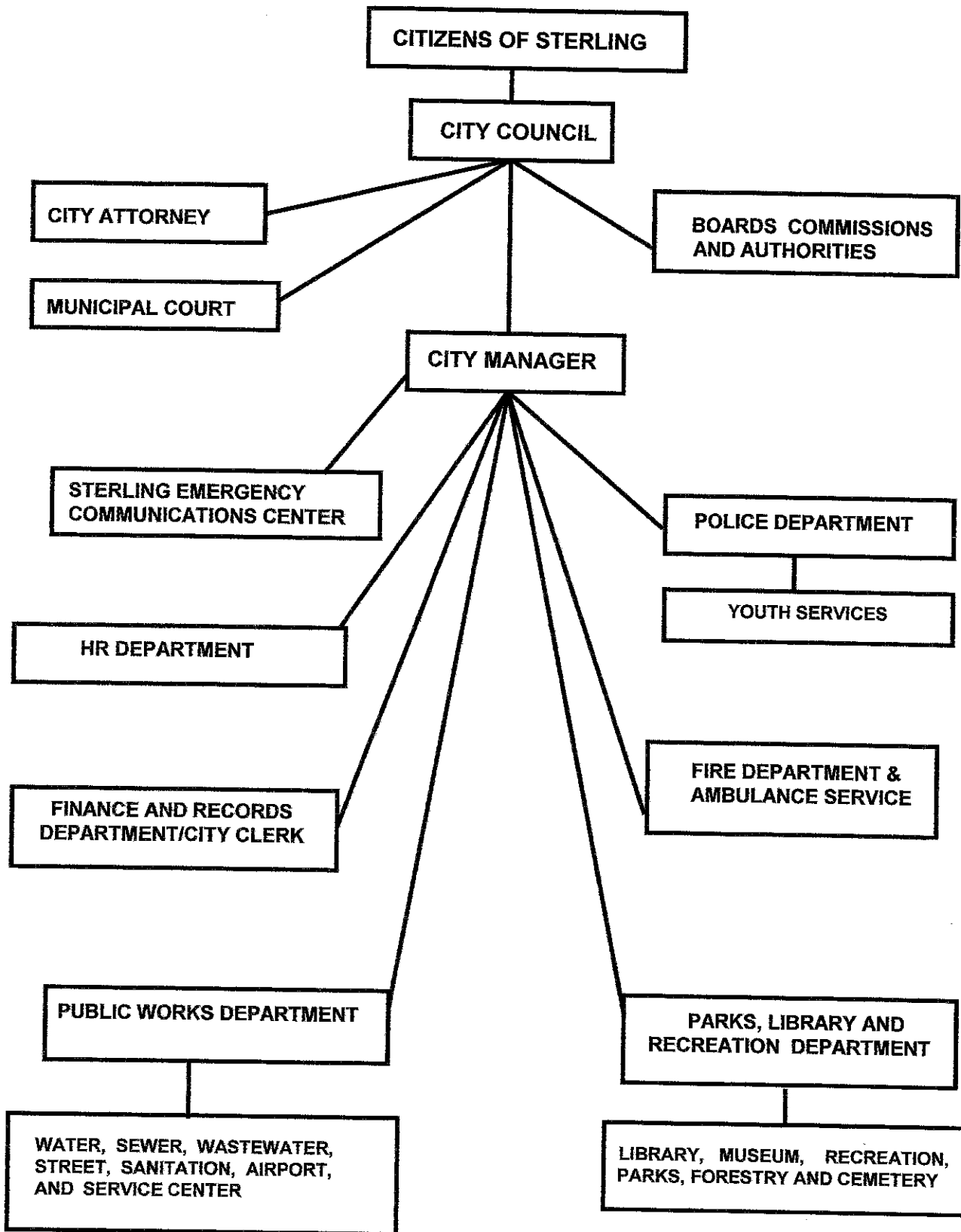
Appointed Officials

City Manager	Kevin Blankenship
Municipal Court Judge	Jay Brammer
City Attorney	Matthew Richardson

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



LAUER, SZABO & ASSOCIATES, PC

Certified Public Accountants

205 Main St. • P.O. Box 1886 • Sterling, CO 80751-7886
Phone 970-522-2218 • FAX 970-522-2220

Independent Auditors' Report

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

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2021, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing the audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and historical pension information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of

inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, local highway finance report and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 the local highway finance report are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
April 12, 2022

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, 2021. 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 City's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources by \$93 million at the close of 2021.
-
- The City has \$19.1 million of unrestricted assets that 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 higher than the expenses by \$1.6 million.
- The increase in revenues was mainly due to sales and use tax and the American Rescue Plan Dollars.

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, which is considered to be a major fund. Data from the other seven 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 91 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$93 million at the close of 2021.

CITY OF STERLING NET POSITION (in thousands)

	Governmental Activities		Business Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$ 9,790	\$ 13,893	\$ 51,541	\$ 47,736	\$ 61,331	\$ 61,629
Land, construction in progress and water rights	2,906	2,610	4,740	11,264	7,646	13,874
Capital assets - Net of Depreciation	32,994	32,934	42,136	41,855	75,130	74,789
Total assets	45,690	49,437	98,417	100,855	144,107	150,292
Pension deferrals	1,323	1,310	-	-	1,323	1,310
Total deferred outflows of resources	1,323	1,310	-	-	1,323	1,310
Total assets and deferred outflows	\$ 47,013	\$ 50,747	\$ 98,417	\$ 100,855	\$ 145,430	\$ 151,602
Long-term debt outstanding	\$ 831	\$ 734	\$ 50,939	\$ 48,553	\$ 51,770	\$ 49,287
Other liabilities	1,567	3,311	2,688	4,017	4,255	7,328
Total liabilities	2,398	4,045	53,627	52,570	56,025	56,615
Deferred property tax revenues	1,242	1,330	-	-	1,242	1,330
Pension deferrals	289	702	-	-	289	702
Total deferred inflows of resources	1,531	2,032	-	-	1,531	2,032
Net position:						
Net Investment in capital assets	35,651	35,354	28,230	35,885	63,881	71,239
Restricted	2,022	2,519	83	83	2,105	2,602
Unrestricted (deficit)	5,411	6,797	16,477	12,317	21,888	19,114
Total net position	\$ 43,084	\$ 44,670	\$ 44,790	\$ 48,285	\$ 87,874	\$ 92,955
Total liabilities, deferred inflows and net position	\$ 47,013	\$ 50,747	\$ 98,417	\$ 100,855	\$ 145,430	\$ 151,602

The largest portion of the City of Sterling's net position, \$71.2 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.

The changes in Governmental Activities from 2020 to 2021 are primarily a result of unspent expenditures, and the receipt of \$1.6 million in CARES Act funding. Current and other assets, and unrestricted net position all increased as a result of the above factors. In the Business-Type Activities, the increase in net position is primarily due to the investment in the Wastewater Project and Construction in Progress.

In addition, a portion of the City of Sterling's net position, \$2.6 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$19.1 million, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2021, the City of Sterling is able to report positive balances in all categories of net position, for the government as a whole, as well as for its separate Business-type Activities.

Changes in Net Position

A summary of the City's governmental and business type activities for the period ending December 31, 2021 reflects net position increasing by \$5 million. The prior period is also included for comparative purposes.

CITY OF STERLING CHANGES IN NET POSITION (in thousands)

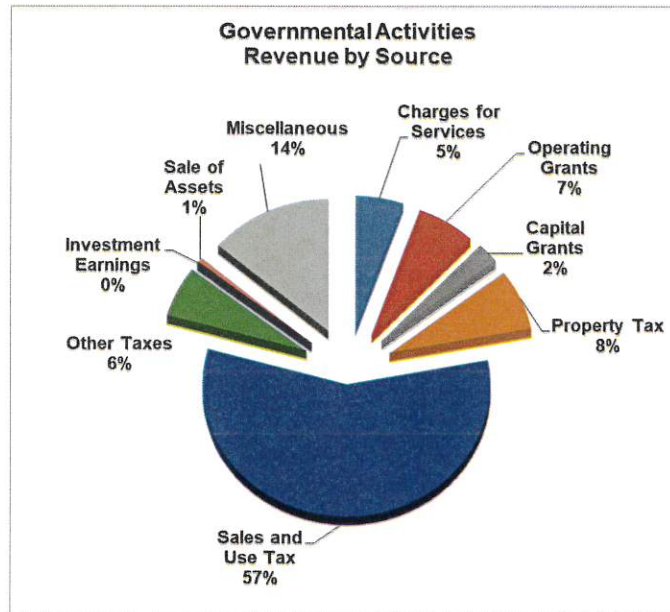
	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Program Revenue:						
Charges for Services	\$ 725	\$ 905	\$ 11,026	\$ 10,805	\$ 11,751	\$ 11,710
Operating Grants	702	1,102	-	-	702	1,102
Capital Grants	368	408	36	14	404	422
General Revenues:						
Property Tax	1,222	1,247	-	-	1,222	1,247
Specific Ownership Tax	136	139	-	-	136	139
Sales and Use Tax	8,401	9,513	-	-	8,401	9,513
Franchise Tax	609	658	-	-	609	658
Other Taxes	182	235	-	-	182	235
Unrestricted Earnings on Investments	48	4	106	7	154	11
Sale of assets	-	110	-	-	-	110
Miscellaneous	2,259	2,298	94	225	2,353	2,523
Total Revenues	\$ 14,652	\$ 16,619	\$ 11,262	\$ 11,051	\$ 25,914	\$ 27,670
Program Expenses:						
General Government	\$ 3,113	\$ 3,364	-	-	\$ 3,113	\$ 3,364
Public Safety	6,163	5,968	-	-	6,163	5,968
Public Works	2,346	2,601	-	-	2,346	2,601
Parks, Library, Recreation	3,084	3,094	-	-	3,084	3,094
Interest on Long-term Debt	10	7	-	-	10	7
Water	-	-	4,116	4,073	4,116	4,073
Sanitation	-	-	693	819	693	819

Sewer	-	-	2,518	2,665	2,518	2,665
Total Expenses	\$ 14,716	\$ 15,034	\$ 7,327	\$ 7,557	\$ 22,043	\$ 22,591
Overage Before Transfers	\$ (64)	\$ 1,585	\$ 3,935	\$ 3,494	\$ 3,871	\$ 5,079
Transfers	-	-	-	-	-	-
Change in Net Position	\$ (64)	\$ 1,585	\$ 3,935	\$ 3,494	\$ 3,871	\$ 5,079
Net position beginning of year	43,148	43,084	40,855	44,790	84,003	87,874
Net position at end of year	\$ 43,084	\$ 44,669	\$ 44,790	\$ 48,284	\$ 87,874	\$ 92,953

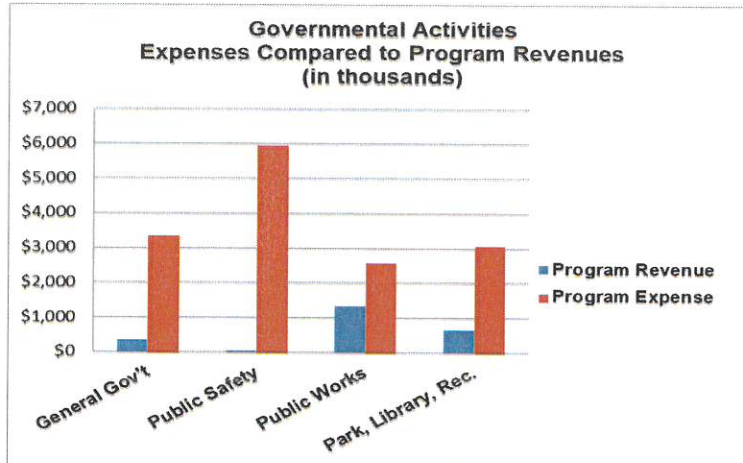
Governmental activities

Net position of the governmental activities increased by \$1.6 million during 2021.

The sales and use tax revenue increased 13.6%.

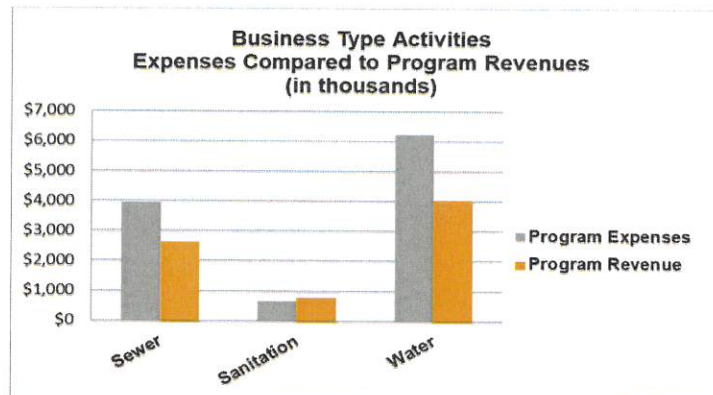


Expenses Compared to the Revenue presents the cost and revenue of each of the City's four largest programs – general government, public safety, public works and parks, library and recreation. The difference between the revenue and expense shows the financial burden that was placed on the City's taxpayers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



Business-type Activities

Net position in Business-type Activities increased by \$3.5 million in 2021. 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 2021, the City of Sterling's General Fund reported an ending fund balance of \$6 million, which was an increase of \$1.6 million from January 1, 2021. Of that fund balance, \$5.8 million was unassigned and is available for spending at the City's discretion. The remainder of the fund balance is assigned and is not available

for new spending because it is committed to the culture and recreation and prepaid items. The remainder of the Governmental funds had a combined fund balance of \$1.9 million.

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

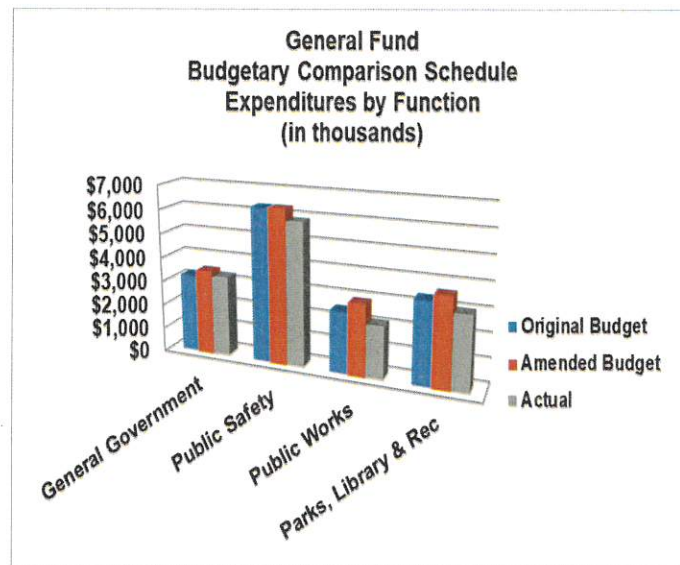
The three Enterprise Funds had a combined increase in net position of \$3.5 million. The Sewer Fund increased by \$1.3 million, the Sanitation Funds decreased by \$156 thousand, and the Water Fund had an increase of \$2.4 million. The increases in the Water and Sewer Fund were for future loan payments.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of 2021, the City amended the General Fund budget three 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 \$15.4 million; and the final budgeted amount was \$16.4 million. The main components of the increase were:

- Grant expenditures of \$29 thousand for the Airport Master Plan.
- Grant expenditures of \$277 thousand for the Airport Pavement Maintenance Grant.
- \$188 thousand was paid to essential workers from American Rescue Plan dollars.
- The City’s portion of Heritage Park was \$131.

In order to consider the additional appropriations, the budgeted revenues were also amended. The original budgeted revenues for the General Fund were \$13.7 million; the final budgeted amount was \$14.2 million. The majority of the increased revenue was money anticipated to be received for the master plan grant and pavement maintenance grant.



The variance between actual expenditures and the final budget amounted to \$2.1 million dollars in unspent appropriation and is summarized below.

- Most 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 were unspent expenses in the Recreation Programs (\$67 thousand) due to supplies that were on hand, purchased prior to the pandemic
- Changes in personnel throughout the year resulted in \$440 thousand unspent budget.
- The street program had \$679 thousand unspent funds for completion in 2021.
- Cares Grants in the amount of \$45 thousand were unspent in 2021, available for spending in 2022.
- The trails line item was unspent in 2021 at \$196 thousand.

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, 2021, amounts to \$88.6 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, pages 58-60, of the financial statements.

**CITY OF STERLING
CAPITAL ASSETS ON DECEMBER 31, 2021
(net of depreciation, in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Land	\$ 1,973	\$ 2,123	\$ 1,270	\$ 1,270	\$ 3,243	\$ 3,393
Construction in Progress	933	487	2,744	9,268	3,677	9,755
Water rights	-	-	726	726	726	726
Buildings	6,630	6,366	1,697	1,566	8,327	7,932
Equipment	4,379	4,324	770	672	5,149	4,996
Improvements	7,807	7,432	39,669	39,617	47,476	47,049
Infrastructure	14,179	14,812	-	-	14,179	14,812
Total	\$ 35,901	\$ 35,544	\$ 46,876	\$ 53,119	\$ 82,777	\$ 88,663

The major capital asset additions during 2021 included:

Governmental Activities:

- Completion of the Airport Master Plan
- Airport Pavement Maintenance Project.
- Land purchase.

Business Type Activities:

- Construction in progress for the Wastewater Treatment Project
- Water Tank rehab.
- Manhole rehab project.

Long-term debt. The City had \$51.7 million in debt outstanding at year-end 2021. 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	
	2020	2021	2020	2021	2020	2021
CWRPDA Loan - Water	\$ -	\$ -	\$ 18,233	\$ 17,234	\$ 18,233	\$ 17,234
CWRPDA Loan - Sewer	-	-	33,466	33,577	\$ 33,466	33,577
Premium on notes	-	-	1,228	-	1,228	-
Air Pack Lease	-	-	-	-	-	-
Fire Truck Lease	249	190	-	-	249	190
Compensated Absences	681	644	70	75	751	719
TOTAL	\$ 930	\$ 834	\$ 52,997	\$ 50,886	\$ 53,927	\$ 51,720

ECONOMIC FACTORS AND THE 2022 BUDGET

In preparing the 2022 Budget, the City took into consideration the current economy. The 2022 adopted expenditure budget was appropriated at \$15.4 million for the General Fund, which was \$1.0 million less than the final 2021 budget. The adopted revenue budget for 2022 was \$13.7 million, which was \$602 thousand more than the final budget for 2021.

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 2022. The budget is being monitored on a monthly basis; the 2022 revenues and expenditures to the same month in 2021.

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 demonstrate 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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 435,565	\$ 781,084	\$ 1,216,649
Cash with county treasurer	15,298		15,298
Certificates of deposit		108,949	108,949
Investments	9,819,926	11,445,936	21,265,862
Receivables	2,830,112	1,068,769	3,898,881
Internal balances	79,649	(79,649)	-
Inventory		327,524	327,524
Prepaid items	107,554		107,554
Restricted cash		34,082,783	34,082,783
Net pension asset	604,786		604,786
Land, construction in progress, water rights	2,610,058	11,264,121	13,874,179
Capital assets, net of depreciation	32,934,104	41,855,266	74,789,370
Total assets	49,437,052	100,854,783	150,291,835
Deferred outflows of resources			
Pension deferrals	1,309,516		1,309,516
Total assets and deferred outflows of resources	\$ 50,746,568	\$ 100,854,783	\$ 151,601,351

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

Component
Unit

\$ 4,983,967

4,983,967

\$ 4,983,967

(continued)

CITY OF STERLING, COLORADO
Statement of Net Position
December 31, 2021

(continued)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 348,292	\$ 1,245,426	\$ 1,593,718
Accrued salaries and benefits	246,570	38,952	285,522
Accrued interest payable	7,110	399,837	406,947
Unearned revenues	1,649,742		1,649,742
Noncurrent liabilities			
Due within one year	101,123	2,332,899	2,434,022
Due in more than one year	733,638	48,553,419	49,287,057
Net pension liability	958,603		958,603
Total liabilities	4,045,078	52,570,533	56,615,611
Deferred inflows of resources			
Property taxes levied in advance	1,330,127		1,330,127
Pension deferrals	702,103		702,103
Total deferred inflows of resources	2,032,230	-	2,032,230
Net position			
Net investment in capital assets	35,353,855	35,884,927	71,238,782
Restricted for emergencies	470,000		470,000
Restricted for public safety	59,479		59,479
Restricted for culture and recreation	1,384,280		1,384,280
Restricted for system improvements		82,783	82,783
Restricted for pensions	604,786		604,786
Unrestricted	6,796,860	12,316,540	19,113,400
Total net position	44,669,260	48,284,250	92,953,510
Total liabilities, deferred inflows of resources and net position	\$ 50,746,568	\$ 100,854,783	\$ 151,601,351

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

Component
Unit

\$ 26,154

26,154

4,957,813

4,957,813

\$ 4,983,967

CITY OF STERLING, COLORADO
Statement of Activities
For the Year Ended December 31, 2021

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 3,364,470	\$ 185,005	\$ 177,000	
Public safety	5,967,573	48,383	3,208	
Public works	2,600,894	352,310	729,094	\$ 257,825
Health and welfare	264,357	141,838		
Culture and recreation	2,829,551	177,026	192,704	150,000
Interest on long-term debt	7,110			
Total governmental activities	15,033,955	904,562	1,102,006	407,825
Business-type activities				
Water services	4,072,960	6,219,679		10,364
Sanitation services	819,453	658,764		
Sewer services	2,664,751	3,926,516		4,000
Total business-type activities	7,557,164	10,804,959	-	14,364
Total primary government	<u>\$ 22,591,119</u>	<u>\$ 11,709,521</u>	<u>\$ 1,102,006</u>	<u>\$ 422,189</u>
Component unit				
Sterling Urban Renewal Authority	<u>\$ 297,558</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				
Sale of assets				
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
\$ (3,002,465)		\$ (3,002,465)	
(5,915,982)		(5,915,982)	
(1,261,665)		(1,261,665)	
(122,519)		(122,519)	
(2,309,821)		(2,309,821)	
(7,110)		(7,110)	
(12,619,562)	\$ -	(12,619,562)	
	2,157,083	2,157,083	
	(160,689)	(160,689)	
	1,265,765	1,265,765	
-	3,262,159	3,262,159	
(12,619,562)	3,262,159	(9,357,403)	
			\$ (297,558)
1,247,480		1,247,480	
138,780		138,780	
9,513,389		9,513,389	
658,295		658,295	
234,569		234,569	650,608
3,762	7,240	11,002	5,126
110,265		110,265	
2,298,117	225,038	2,523,155	
14,204,657	232,278	14,436,935	655,734
1,585,095	3,494,437	5,079,532	358,176
43,084,165	44,789,813	87,873,978	4,599,637
<u>\$ 44,669,260</u>	<u>\$ 48,284,250</u>	<u>\$ 92,953,510</u>	<u>\$ 4,957,813</u>

CITY OF STERLING, COLORADO
Balance Sheet
Governmental Funds
December 31, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 346,609	\$ 31,554	\$ 378,163
Cash with county treasurer	15,298		15,298
Investments	6,215,813	1,897,333	8,113,146
Property taxes receivable	1,330,127		1,330,127
Other taxes receivable	966,053	17,774	983,827
Other receivables	499,117	439	499,556
Special assessments receivable	2,145		2,145
Prepaid items	107,554		107,554
	<u>9,482,716</u>	<u>1,947,100</u>	<u>11,429,816</u>
Total assets	<u>\$ 9,482,716</u>	<u>\$ 1,947,100</u>	<u>\$ 11,429,816</u>
Liabilities			
Accounts payable	\$ 236,570	\$ 85,197	\$ 321,767
Accrued salaries and benefits	234,806		234,806
Deposits	5,085		5,085
Deferred grant revenue	1,644,657		1,644,657
	<u>2,121,118</u>	<u>85,197</u>	<u>2,206,315</u>
Total liabilities	<u>2,121,118</u>	<u>85,197</u>	<u>2,206,315</u>
Deferred inflows of resources			
Deferred property tax revenues	1,330,127		1,330,127
	<u>1,330,127</u>	<u>-</u>	<u>1,330,127</u>
Total deferred inflows of resources	<u>1,330,127</u>	<u>-</u>	<u>1,330,127</u>
Fund balance			
Nonspendable - prepaid items	107,554		107,554
Restricted for public safety		59,479	59,479
Restricted for culture and recreation		1,384,280	1,384,280
Committed to capital improvements		181,423	181,423
Committed to culture and recreation	123,931		123,931
Committed to health and welfare		236,721	236,721
Unassigned	5,799,986		5,799,986
	<u>6,031,471</u>	<u>1,861,903</u>	<u>7,893,374</u>
Total fund balance	<u>6,031,471</u>	<u>1,861,903</u>	<u>7,893,374</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 9,482,716</u>	<u>\$ 1,947,100</u>	<u>\$ 11,429,816</u>

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, 2021**

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

Total fund balance - governmental funds	\$ 7,893,374
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	30,887,220
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(617,733)
Pension assets, liabilities and deferrals used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	253,596
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>6,252,803</u>
Net position of the governmental activities	<u><u>\$ 44,669,260</u></u>

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

CITY OF STERLING, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 11,572,744	\$ 219,769	\$ 11,792,513
Licenses and permits	245,779		245,779
Intergovernmental	2,636,718	169,745	2,806,463
Charges for services	236,290	17,028	253,318
Fines and forfeitures	65,190		65,190
Earnings on investments	2,017	865	2,882
Miscellaneous	1,158,091	33,669	1,191,760
Total revenues	15,916,829	441,076	16,357,905
Expenditures			
Current			
General government	3,293,944	7,465	3,301,409
Public safety	5,864,454	102,333	5,966,787
Public works	2,130,946		2,130,946
Health and welfare	240,227	11,875	252,102
Culture and recreation	2,773,824	256,890	3,030,714
Total expenditures	14,303,395	378,563	14,681,958
Excess of revenues over (under) expenditures	1,613,434	62,513	1,675,947
Other financing sources (uses)			
Proceeds from the sale of assets		110,265	110,265
Transfers in	13,438		13,438
Transfers out		(13,438)	(13,438)
Total other financing sources (uses)	13,438	96,827	110,265
Net change in fund balance	1,626,872	159,340	1,786,212
Fund balance at beginning of year	4,404,599	1,702,563	6,107,162
Fund balance at end of year	<u>\$ 6,031,471</u>	<u>\$ 1,861,903</u>	<u>\$ 7,893,374</u>

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

CITY OF STERLING, COLORADO
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021

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

Net change in fund balances - governmental funds	\$ 1,786,212
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 depreciation (\$1,269,495) exceeded capital outlays (\$1,022,406) in the current period.	(247,089)
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.	109,751
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).	34,775
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>(98,554)</u>
Change in net position of governmental activities	<u><u>\$ 1,585,095</u></u>

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

CITY OF STERLING, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2021

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sanitation Fund</u>	<u>Sewer Fund</u>
Assets			
Current assets			
Cash	\$ 297,483	\$ 236,047	\$ 247,554
Certificates of deposit			108,949
Investments	7,559,714	564,299	3,321,923
Receivables	553,469	75,252	440,048
Inventory	276,124	5,219	46,181
Total current assets	8,686,790	880,817	4,164,655
Noncurrent assets			
Restricted cash with fiscal agent	82,783		34,000,000
Land, construction in progress and water rights	1,883,286	178	9,380,657
Capital assets, net of depreciation	35,598,897	128,272	6,128,097
Total noncurrent assets	37,564,966	128,450	49,508,754
Total assets	\$ 46,251,756	\$ 1,009,267	\$ 53,673,409

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 781,084	\$ 57,402
108,949	
11,445,936	1,706,780
1,068,769	14,457
327,524	
13,732,262	1,778,639
34,082,783	
11,264,121	
41,855,266	4,656,942
87,202,170	4,656,942
\$ 100,934,432	\$ 6,435,581

(continued)

CITY OF STERLING, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2021

(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	\$ 60,705	\$ 15,025	\$ 1,169,696
Accrued salaries and benefits payable	17,686	5,410	15,856
Accrued interest payable	192,380		207,457
Current portion of compensated absences	1,000	2,000	2,000
Current portion of note payable	1,399,435		928,464
Current portion of capital lease obligation			
Total current liabilities	<u>1,671,206</u>	<u>22,435</u>	<u>2,323,473</u>
Long-term liabilities			
Accrued compensated absences	38,869	2,523	28,585
Note payable	15,835,025		32,648,417
Capital lease obligation			
Total long-term liabilities	<u>15,873,894</u>	<u>2,523</u>	<u>32,677,002</u>
Total liabilities	<u>17,545,100</u>	<u>24,958</u>	<u>35,000,475</u>
Net position			
Net investment in capital assets	20,247,723	128,450	15,508,754
Restricted for system improvements	82,783		
Restricted for emergencies			
Unrestricted	<u>8,376,150</u>	<u>855,859</u>	<u>3,164,180</u>
Total net position	<u>28,706,656</u>	<u>984,309</u>	<u>18,672,934</u>
Total liabilities and net position	<u>\$ 46,251,756</u>	<u>\$ 1,009,267</u>	<u>\$ 53,673,409</u>

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>		
\$ 1,245,426	\$ 26,525	Total net position - enterprise funds	\$ 48,363,899
38,952	11,764	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.	
399,837	7,110		
5,000			
2,327,899	61,123		<u>(79,649)</u>
-	-	Net position of the business-type activities	<u>\$ 48,284,250</u>
4,017,114	106,522		
69,977	26,721		
48,483,442	129,184		
-	-		
48,553,419	155,905		
-	-		
52,570,533	262,427		
35,884,927	4,466,635		
82,783	470,000		
-	1,236,519		
12,396,189	6,173,154		
-	-		
48,363,899	\$ 6,435,581		
-	-		
<u>\$ 100,934,432</u>			

CITY OF STERLING, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Operating revenues			
Charges for services	\$ 6,219,679	\$ 658,764	\$ 3,926,516
Miscellaneous			
Total operating revenues	6,219,679	658,764	3,926,516
Operating expenses			
Personnel	693,008	201,925	589,809
Maintenance and supplies	1,541,250	447,719	720,029
Administrative cost allocation	480,348	94,691	214,171
Depreciation and amortization	908,419	71,565	634,320
Claims			
Premiums			
Total operating expenses	3,623,025	815,900	2,158,329
Operating income (loss)	2,596,654	(157,136)	1,768,187
Nonoperating revenues (expenses)			
Earnings on investments	3,344	304	3,592
Rents and rights	87,689		
Miscellaneous	105,790		31,559
Insurance proceeds			
Federal and state grants			
Gain (loss) on disposal of assets			
Debt service interest and fiscal charges	(439,425)		(498,645)
Total nonoperating revenues (expenses)	(242,602)	304	(463,494)
Income (loss) before transfers and capital contributions	2,354,052	(156,832)	1,304,693

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 10,804,959	\$ 4,051,292
-	35,390
<u>10,804,959</u>	<u>4,086,682</u>
1,484,742	455,930
2,708,998	162,830
789,210	
1,614,304	496,388
-	75,504
-	3,109,476
<u>6,597,254</u>	<u>4,300,128</u>
4,207,705	(213,446)
7,240	880
87,689	
137,349	
-	99,282
-	
-	
<u>(938,070)</u>	<u>(7,110)</u>
<u>(705,792)</u>	<u>93,052</u>
3,501,913	(120,394)

(continued)

CITY OF STERLING, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2021

(continued)

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sanitation Fund</u>	<u>Sewer Fund</u>
Capital contributions	10,364		4,000
Transfers in			4,267
Transfers out			
Change in net position	2,364,416	(156,832)	1,312,960
Net position at beginning of year	26,342,240	1,141,141	17,359,974
Net position at end of year	<u>\$ 28,706,656</u>	<u>\$ 984,309</u>	<u>\$ 18,672,934</u>

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
14,364	
4,267	
-	(4,267)
<u>3,520,544</u>	<u>(124,661)</u>
44,843,355	6,297,815
<u>\$ 48,363,899</u>	<u>\$ 6,173,154</u>

Net change in net position - proprietary funds \$ 3,520,544

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. (26,107)

Change in net position of business-type activities \$ 3,494,437

CITY OF STERLING, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sanitation Fund</u>	<u>Sewer Fund</u>
Cash flows from operating activities			
Receipts from customers	\$ 6,328,349	\$ 665,658	\$ 3,967,745
Internal activity - receipts from (payments to) other funds	(23,961)		23,961
Payments to providers			
Payments to claimants			
Payments to suppliers	(2,134,721)	(602,857)	(1,034,675)
Payments to employees	(501,625)	(139,752)	(418,053)
Net cash provided (used) by operating activities	3,668,042	(76,951)	2,538,978
Cash flows from noncapital financing activities			
Insurance proceeds			
Miscellaneous receipts	105,790		31,559
Net cash provided by noncapital financing activities	105,790	-	31,559
Cash flows from capital and related financing activities			
Capital contributions	10,364		4,000
Receipts from rents and rights	87,689		
Purchase of capital assets	(910,074)		(6,096,395)
Principal paid on capital debt	(1,376,399)		(676,841)
Interest and fiscal charges paid on capital debt	(484,715)		(415,589)
Net cash used by capital and related financing activities	(2,673,135)	-	(7,184,825)

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 10,961,752	\$ 4,073,520
-	(598,845)
-	(2,586,135)
(3,772,253)	(329,203)
<u>(1,059,430)</u>	<u>(332,812)</u>
6,130,069	226,525
-	99,282
<u>137,349</u>	<u>99,282</u>
137,349	99,282
14,364	
87,689	
(7,006,469)	(391,403)
(2,053,240)	(58,922)
<u>(900,304)</u>	<u>(9,312)</u>
(9,857,960)	(459,637)

(continued)

CITY OF STERLING, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

(continued)

	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Cash flows from investing activities			
Proceeds from the sale of investments		85,000	4,619,999
Earnings on investments	262		
Purchase of investments	(1,050,000)		
Net cash provided (used) by investing activities	(1,049,738)	85,000	4,619,999
Net increase (decrease) in cash and cash equivalents	50,959	8,049	5,711
Cash and cash equivalents at beginning of year	329,307	227,998	34,241,843
Cash and cash equivalents at end of year	\$ 380,266	\$ 236,047	\$ 34,247,554
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 2,596,654	\$ (157,136)	\$ 1,768,187
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	908,419	71,565	634,320
Changes in assets and liabilities			
Receivables	108,670	6,894	41,229
Interfund items	(23,961)		23,961
Inventory	40,857	(2,562)	782
Accounts payable	36,583	5,713	59,994
Accrued salaries and benefits payable	(1,754)	871	5,545
Accrued compensated absences	2,574	(2,296)	4,960
Net cash provided (used) by operating activities	\$ 3,668,042	\$ (76,951)	\$ 2,538,978
Cash and cash equivalents at end of year consist of:			
Cash	\$ 297,483	\$ 236,047	\$ 247,554
Restricted cash with fiscal agent	82,783		34,000,000
Total	\$ 380,266	\$ 236,047	\$ 34,247,554

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
4,704,999	267,726
262	
<u>(1,050,000)</u>	<u>(149,999)</u>
3,655,261	117,727
64,719	(16,103)
<u>34,799,148</u>	<u>73,505</u>
<u>\$ 34,863,867</u>	<u>\$ 57,402</u>
\$ 4,207,705	\$ (213,446)
1,614,304	496,388
156,793	(13,162)
-	
39,077	
102,290	(40,253)
4,662	(1,075)
5,238	(1,927)
<u>\$ 6,130,069</u>	<u>\$ 226,525</u>
\$ 781,084	\$ 57,402
<u>34,082,783</u>	<u></u>
<u>\$ 34,863,867</u>	<u>\$ 57,402</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 (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial 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 in the governmental funds are reported as restricted or committed for the following purposes:

	<u>Restricted</u> <u>Fund Balance</u>	<u>Committed</u> <u>Fund Balance</u>
Public safety – police department	\$ 59,479	\$ -
Culture and recreation – parks	270,283	-
Culture and recreation – library	33,342	-
Culture and recreation - beautification	1,080,655	-
Capital improvements	-	181,423
Culture and recreation – museum	-	66,964
Culture and recreation – library	-	1,267
Culture and recreation – arts	-	55,700
Health and welfare – cemetery	-	236,721
	<u> </u>	<u> </u>
Totals	<u>\$ 1,443,759</u>	<u>\$ 542,075</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 \$2,098,443, of which \$250,000 were insured and \$1,848,443 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, 2021, the City had invested \$21,865,862 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

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

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
State investment pool	<u>\$ 21,865,862</u>	<u>\$21,865,862</u>	<u>\$ -</u>	<u>\$ -</u>

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The City has no investment policy that would further limit its investment choices. At year-end, the City's investment in 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	\$ -	\$ 1,068,769	\$ 1,068,769
Property taxes	1,330,127	-	1,330,127
Other taxes	983,827	-	983,827
Other	514,013	-	514,013
Special assessments	<u>2,145</u>	<u>-</u>	<u>2,145</u>
Total	<u>\$ 2,830,112</u>	<u>\$ 1,068,769</u>	<u>\$ 3,898,881</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 transfers for the year as presented in the fund financial statements:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 13,438
Sewer Fund	Internal Service Funds	<u>4,267</u>
Total		<u>\$ 17,705</u>

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 and Sunset Memorial Gardens Funds) to the General Fund to provide support for the maintenance of the cemetery. In addition, the City transferred a capital asset from the Internal Service Funds (Capital Replacement Fund) to the Sewer Fund.

CITY OF STERLING, COLORADO
Notes to Financial Statements

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	\$ 1,972,770	\$ 150,000	\$ -	\$ 2,122,770
Construction in progress	<u>933,414</u>	<u>759,074</u>	<u>(1,205,200)</u>	<u>487,288</u>
Total capital assets, not being depreciated	2,906,184	909,074	(1,205,200)	2,610,058
Capital assets, being depreciated:				
Buildings	12,600,675	-	-	12,600,675
Equipment	11,150,150	504,734	(8,000)	11,646,884
Improvements	16,847,291	-	-	16,847,291
Infrastructure	<u>28,571,999</u>	<u>-</u>	<u>1,205,200</u>	<u>29,777,199</u>
Total capital assets, being depreciated	<u>69,170,115</u>	<u>504,734</u>	<u>1,197,200</u>	<u>70,872,049</u>
Total capital assets	72,076,299	1,413,808	(8,000)	73,482,107
Less accumulated depreciation for:				
Buildings	(5,971,127)	(263,995)	-	(6,235,122)
Equipment	(6,771,217)	(555,856)	3,733	(7,323,340)
Improvements	(9,040,758)	(374,429)	-	(9,415,187)
Infrastructure	<u>(14,392,692)</u>	<u>(571,604)</u>	<u>-</u>	<u>(14,964,296)</u>
Total accumulated depreciation	<u>(36,175,794)</u>	<u>(1,765,884)</u>	<u>3,733</u>	<u>(37,937,945)</u>
Governmental activities capital assets, net	<u>\$ 35,900,505</u>	<u>\$ (352,076)</u>	<u>\$ (4,267)</u>	<u>\$ 35,544,162</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	2,743,719	6,926,724	(402,548)	9,267,895
Water rights	<u>726,387</u>	<u>-</u>	<u>-</u>	<u>726,387</u>
Total capital assets, not being depreciated	4,739,945	6,926,724	(402,548)	11,264,121
Capital assets, being depreciated				
Buildings	6,171,341	-	-	6,171,341
Equipment	3,836,306	51,831	2,436	3,890,573
Improvements	<u>64,362,122</u>	<u>874,367</u>	<u>402,548</u>	<u>65,639,037</u>
Total capital assets, being depreciated	<u>74,369,769</u>	<u>926,198</u>	<u>404,984</u>	<u>75,700,951</u>
Total capital assets	79,109,714	7,852,922	2,436	86,965,072
Less accumulated depreciation for:				
Buildings	(4,474,188)	(131,210)	-	(4,605,398)
Equipment	(3,065,967)	(154,472)	1,831	(3,218,608)
Improvements	<u>(24,693,057)</u>	<u>(1,328,622)</u>	<u>-</u>	<u>(26,021,679)</u>
Total accumulated depreciation	<u>(32,233,212)</u>	<u>(1,614,304)</u>	<u>1,831</u>	<u>(33,845,685)</u>
Business-type activities capital assets, net	<u>\$ 46,876,502</u>	<u>\$ 6,238,618</u>	<u>\$ 4,267</u>	<u>\$ 53,119,387</u>

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

Governmental activities

General government	\$ 64,461
Public safety	78,235
Public works	730,954
Health and welfare	10,574
Culture and recreation	385,272

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.

496,388

Total governmental activities

\$ 1,765,884

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note E - Capital assets (Continued)

Business-type activities

Water	\$ 908,419
Sanitation	71,565
Sewer	<u>634,320</u>
Total business-type activities	<u>\$ 1,614,304</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	\$ 249,229	\$ -	\$ (58,922)	\$ 190,307	\$ 61,123
Compensated absences	<u>681,155</u>	<u>562,489</u>	<u>(599,190)</u>	<u>644,454</u>	<u>40,000</u>
Total	<u>\$ 930,384</u>	<u>\$ 562,489</u>	<u>\$ (658,112)</u>	<u>\$ 834,761</u>	<u>\$ 101,123</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	\$ 51,699,611	\$ -	\$ (2,053,240)	\$ 49,646,371	\$ 2,327,899
Premium on notes	1,227,973	-	(63,003)	1,164,970	-
Compensated absences	<u>69,739</u>	<u>83,800</u>	<u>(78,562)</u>	<u>74,977</u>	<u>5,000</u>
Totals	<u>\$ 52,997,323</u>	<u>\$ 83,800</u>	<u>\$ (2,194,805)</u>	<u>\$ 50,886,318</u>	<u>\$ 2,332,899</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 \$1,386,770 (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 199% 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 \$720,664 (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 Sewer Fund were 224% of the current year's debt service.

The City's outstanding notes from direct borrowings related to business-type activities 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>
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	-	-	2,475,519	813,740
2027-2031	-	-	13,015,868	3,426,079
2032-2036	-	-	7,259,188	1,741,687
2037-2041	-	-	5,696,463	1,442,064
2042-2046	-	-	6,210,653	931,254
2047-2050	-	-	5,457,452	258,750
Totals	<u>\$ 190,307</u>	<u>\$ 14,395</u>	<u>\$49,646,371</u>	<u>\$12,235,374</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 \$577,251. 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.

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Pension Liability</u>	<u>Net Pension Asset</u>	<u>Pension Expense</u>
SWDB – Police	\$ 638,394	\$ 341,588	\$ -	\$ 315,673	\$ 61,399
SWDB – Fire	580,747	299,622	-	289,113	82,570
Volunteer – Fire	14,895	40,699	7,790	-	(5,687)
Old Hire - Fire	<u>75,480</u>	<u>20,194</u>	<u>950,813</u>	<u>-</u>	<u>41,326</u>
Total	<u>\$ 1,309,516</u>	<u>\$ 702,103</u>	<u>\$ 958,603</u>	<u>\$ 604,786</u>	<u>\$ 179,608</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).

The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available annual comprehensive financial report that can be obtained on FPPA's website at <http://www.FPPAco.org>.

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

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

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 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 8.0 percent and 8.50 percent in 2020 and 2021, respectively. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. In 2020, members of the SWDB plan and their employers are contributing at the rate of 11.0 percent and 8.0 percent, respectively, of pensionable earnings for a total contribution rate of 19.0 percent.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

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 23.0 percent and 23.5 percent of pensionable earnings in 2020 and 2021, 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 5.5 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.50 percent in 2020 and 9.75 percent in 2021. 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 4.0 percent and 4.25 percent in 2020 and 2021, respectively. 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 during the year ended December 31, 2021 were \$102,291.

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

At December 31, 2021 the City reported an asset of \$315,673 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021. 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, 2020, the City's proportion was .1454 percent, which was a decrease of .0173 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized pension expense of \$61,399. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$ 334,493
Changes in assumptions and other inputs	160,337	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	65,138	5,302
Difference between expected and actual experience	310,628	1,793
Contributions subsequent to measurement date	<u>102,291</u>	<u>-</u>
Totals	<u>\$ 638,394</u>	<u>\$ 341,588</u>

\$102,291 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>
2022	\$ (22,102)
2023	27,805
2024	(35,342)
2025	26,448
2026	74,733
2027	63,925
2028	41,725
2029	15,600
2030	<u>1,723</u>
Totals	<u>\$ 194,515</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, 2020. The valuations used the following actuarial assumption and other inputs:

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H - Pension plans (Continued)

	Total Pension Liability	Actuarial Determined Contributions
Actuarial valuation date	January 1, 2021	January 1, 2020
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, net*	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 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, 2020, 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	39%	8.23%
Equity Long/Short	8%	6.87%
Private Markets	26%	10.63%
Fixed Income – Rates	10%	4.01%
Fixed Income – Credit Absolute Return	5%	5.25%
Cash	10%	5.60%
	<u>2%</u>	2.32%
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 2.00 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)	\$ 317,675	\$ (315,673)	\$ (840,164)

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.

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).

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available annual comprehensive financial report that can be obtained on FPPA's website at <http://www.FPPAco.org>.

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

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 8.0 percent and 8.50 percent in 2020 and 2021, respectively. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. In 2020, members of the SWDB plan and their employers are contributing at the rate of 11.0 percent and 8.0 percent, respectively, of pensionable earnings for a total contribution rate of 19.0 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 23.0 percent and 23.5 percent of pensionable earnings in 2020 and 2021, 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 5.5 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.50 percent in 2020 and 9.75 percent in 2021. 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 4.0 percent and 4.25 percent in 2020 and 2021, respectively. 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 during the year ended December 31, 2021 were \$98,184.

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

At December 31, 2021 the City reported an asset of \$289,113 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021. 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, 2020, the City's proportion was .1332 percent, which was a decrease of .0063 percent from its proportion measured as of December 31, 2019.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

For the year ended December 31, 2021, the City recognized pension expense of \$82,570. At December 31, 2021, 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	\$ -	\$ 294,702
Changes in assumptions and other inputs	145,841	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	57,031	3,441
Difference between expected and actual experience	279,691	1,479
Contributions subsequent to measurement date	<u>98,184</u>	<u>-</u>
Totals	<u>\$ 580,747</u>	<u>\$ 299,622</u>

\$98,184 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>
2022	\$ (16,997)
2023	28,967
2024	(29,433)
2025	23,255
2026	67,894
2027	58,179
2028	37,553
2029	12,538
2030	<u>985</u>
Totals	<u>\$ 182,941</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, 2020. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial valuation date	January 1, 2021	January 1, 2020
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, net*	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 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, 2020, 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	39%	8.23%
Equity Long/Short	8%	6.87%
Private Markets	26%	10.63%
Fixed Income – Rates	10%	4.01%
Fixed Income – Credit	5%	5.25%
Absolute Return	10%	5.60%
Cash	<u>2%</u>	2.32%
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 2.00 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)	\$ 290,946	\$ (289,113)	\$ (769,474)

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 <http://www.FPPAco.org>.

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

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

Plan membership. At December 31, 2020, 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>-</u>
Total	<u><u>18</u></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, 2021 included \$12,064 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, 2021 the City reported a net pension liability of \$7,790. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021.

For the year ended December 31, 2021, the City recognized pension expense of \$(5,687). At December 31, 2021, 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	\$ -	\$ 29,210
Changes in assumptions and other inputs	1,491	-
Contributions subsequent to measurement date	13,404	-
Difference between expected and actual experience	<u>-</u>	<u>11,489</u>
Totals	<u>\$ 14,895</u>	<u>\$ 40,699</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
2022	\$ (19,561)
2023	(4,270)
2024	(10,545)
2025	<u>(4,832)</u>
Totals	<u>\$ (39,208)</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 long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	2.00%	2.32%
Fixed Income - Rates	10.00%	4.01%
Fixed Income - Credit	5.00%	5.25%
Absolute Return	10.00%	5.60%
Long Short	8.00%	6.87%
Global Equity	39.00%	8.23%
Private Markets	<u>26.00%</u>	10.63%
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 2.00% (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 <u>(a)</u>	Plan Fiduciary Position <u>(b)</u>	Net Pension Liability <u>(a)-(b)</u>
Balances at beginning of year	\$ 501,408	\$ 439,983	\$ 61,425
Changes for the year			
Service cost	1,524	-	1,524
Interest on total pension liability	33,791	-	33,791
Benefit changes	-	-	-
Difference between expected and actual experience	(26,350)	-	(26,350)
Changes of assumptions	-	-	-
Contributions – employer	-	13,404	(13,404)
Contributions – state of Colorado	-	-	-
Net investment income	-	53,904	(53,904)
Benefit and refund payments	(39,523)	(39,523)	-
Administrative expenses	-	(4,708)	4,708
Net changes	<u>(30,558)</u>	<u>23,077</u>	<u>(53,635)</u>
Balances at end of year	<u>\$ 470,850</u>	<u>\$ 463,060</u>	<u>\$ 7,790</u>

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

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)
Net pension liability (asset)	\$ 57,403	\$ 7,790	\$ (33,757)

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 <http://www.FPPAco.org>.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

Plan membership. At December 31, 2020, 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, 2021 the City reported a net pension liability of \$950,813. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020.

For the year ended December 31, 2021, the City recognized pension expense of \$41,326. At December 31, 2021, 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	\$ -	\$ 20,194
Contributions subsequent to measurement date	<u>75,480</u>	<u>-</u>
Totals	<u>\$ 75,480</u>	<u>\$ 20,194</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>
2022	\$ (7,831)
2023	844
2024	(9,376)
2025	<u>(3,831)</u>
Totals	<u>\$ (20,194)</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 cost method	Entry age normal
Amortization method	Level dollar, open*
Remaining amortization period	15 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 long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	10.0%	0.1%
Fixed Income - Rates	70.0%	2.3%
Fixed Income - Credit	10.0%	3.5%
Absolute Return	0.0%	5.6%
Long Short	0.0%	6.9%
Global Public Equity	10.0%	7.8%
Private Capital	<u>0.0%</u>	10.5%
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 2.00% (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	\$ 1,669,420	\$ 670,045	\$ 999,375
Changes for the year			
Service cost	-	-	-
Interest on the total pension liability	72,513	-	72,513
Benefit changes	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	75,480	(75,480)
Net investment income	-	48,318	(48,318)
Benefit payments	(117,348)	(117,348)	-
Administrative expenses	-	(2,723)	2,723
Net changes	<u>(44,835)</u>	<u>3,727</u>	<u>48,562</u>
Balances at end of year	<u>\$ 1,624,585</u>	<u>\$ 673,772</u>	<u>\$ 950,813</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 (3.50%)	Current Discount (4.50)	1% Increase (5.50)
Net pension liability	\$ 1,110,884	\$ 950,813	\$ 813,529

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 \$229,495.

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 \$47,841,682 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	\$ 15,403,455	\$ 16,432,108	\$ 14,303,395	\$ 2,128,713
Water Fund	6,862,894	8,286,476	5,440,504	2,845,972
Sanitation Fund	728,901	814,131	744,335	69,796
Sewer Fund	2,096,409	16,296,890	9,642,343	6,654,547
Hotel Tax Fund	13,150	269,114	139,245	129,869
Sunset Memorial Gardens Fund	100	35,600	23,600	12,000
Perpetual Care Fund	4,340	4,340	1,713	2,627
Conservation Trust Fund	265,326	265,326	117,590	147,736
Karl Falch Library Trust Fund	355	355	55	300
Old Hire Police Pension Fund	109,121	109,121	102,333	6,788
Employee Benefits Fund	2,737,026	2,737,026	2,515,592	221,434
Service Center Fund	676,616	677,290	566,719	110,571
Risk Management Fund	649,554	697,420	674,959	22,461
Capital Replacement Fund	225,650	630,832	508,172	122,660
Capital Improvement Fund	5,310	585,653	7,465	578,188
Total	<u>\$ 29,778,207</u>	<u>\$ 47,841,682</u>	<u>\$ 34,788,020</u>	<u>\$ 13,053,662</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 \$470,000 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.

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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) ¹****Fire & Police Statewide Defined Benefit Plan - Police****December 31, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability/(asset)	0.1454%	0.1627%	0.1683%	0.1725%
City's proportionate share of the net pension liability/(asset)	\$ (315,673)	\$ (92,002)	\$ 212,804	\$ (248,235)
City's covered payroll	\$ 1,171,417	\$ 1,206,480	\$ 1,085,459	\$ 1,009,287
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	26.9%	7.6%	-19.6%	24.6%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	106.70%	101.90%	95.20%	106.30%

* 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.1967%	0.2072%	0.2076%	0.2069%
\$ 71,075	\$ (3,652)	\$ (234,301)	\$ (185,025)
\$ 1,006,672	\$ 1,004,303	\$ 933,615	\$ 898,738
7.1%	0.4%	25.1%	20.6%
98.21%	100.10%	106.80%	105.80%

CITY OF STERLING, COLORADO
Schedule of City Contributions ¹
Fire & Police Statewide Defined Benefit Plan - Police
December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 102,291	\$ 93,432	\$ 95,916	\$ 86,836
Contributions in relation to the contractually required contribution	<u>(102,291)</u>	<u>(93,432)</u>	<u>(95,916)</u>	<u>(86,836)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,203,415	\$ 1,171,417	\$ 1,206,480	\$ 1,085,459
Contributions as a percentage of covered payroll	8.50%	7.98%	7.95%	8.00%

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	2014	2013
\$ 80,742	\$ 80,534	\$ 80,345	\$ 74,689	\$ 71,899
<u>(80,742)</u>	<u>(80,534)</u>	<u>(80,345)</u>	<u>(74,689)</u>	<u>(71,899)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,009,287	\$ 1,006,672	\$ 1,004,303	\$ 933,615	\$ 898,738
8.00%	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) ¹

Fire & Police Statewide Defined Benefit Plan - Fire

December 31, 2021

	2021	2020	2019	2018
City's proportion of the net pension liability/(asset)	0.1332%	0.1395%	0.1557%	0.1589%
City's proportionate share of the net pension liability/(asset)	\$ (289,113)	\$ (78,891)	\$ 196,874	\$ (228,623)
City's covered payroll	\$ 1,097,720	\$ 1,051,848	\$ 1,006,405	\$ 929,538
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-26.3%	-7.5%	19.6%	24.6%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	106.70%	101.90%	95.20%	106.30%

* 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.1731%	0.1723%	0.1713%	0.1783%
\$ 62,539	\$ (3,037)	\$ (193,370)	\$ (159,423)
\$ 885,777	\$ 835,267	\$ 770,525	\$ 774,375
7.1%	0.4%	25.1%	20.6%
98.21%	100.10%	106.80%	105.80%

CITY OF STERLING, COLORADO
Schedule of City Contributions ¹
Fire & Police Statewide Defined Benefit Plan - Fire
December 31, 2021

	2021	2020	2019	2018
Contractually required contribution	\$ 98,184	\$ 85,575	\$ 82,248	\$ 80,511
Contributions in relation to the contractually required contribution	(98,184)	(85,575)	(82,248)	(80,511)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,163,194	\$ 1,097,720	\$ 1,051,848	\$ 1,006,405
Contributions as a percentage of covered payroll	8.44%	7.80%	7.82%	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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 74,363	\$ 70,863	\$ 66,821	\$ 61,642	\$ 61,950
<u>(74,363)</u>	<u>(70,863)</u>	<u>(66,821)</u>	<u>(61,642)</u>	<u>(61,950)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 929,538	\$ 885,777	\$ 835,267	\$ 770,525	\$ 774,375
8.00%	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 ¹

Sterling Volunteer Fire Department Pension Fund

Last 10 Fiscal Years

	2021	2020	2019
Total pension liability			
Service cost	\$ 1,524	\$ 1,524	\$ 2,822
Interest on the total pension liability	33,791	34,123	35,229
Benefit changes	-	-	-
Differences between expected and actual experience	(26,350)	-	(38)
Changes of assumptions	-	-	21,620
Benefit payments	(39,523)	(41,220)	(41,220)
Net change in total pension liability	(30,558)	(5,573)	18,413
Total pension liability - beginning	501,408	506,981	488,568
Total pension liability - ending (a)	<u>\$ 470,850</u>	<u>\$ 501,408</u>	<u>\$ 506,981</u>
Plan fiduciary net position			
Contributions - employer	\$ 13,404	\$ 10,738	\$ 13,881
Net investment income	53,904	56,262	(23)
Benefit payments	(39,523)	(41,220)	(41,220)
Pension plan administrative expenses	(4,708)	(5,765)	(5,593)
State of Colorado supplemental discretionary payment	-	12,493	12,493
Net change in plan fiduciary net position	23,077	32,508	(20,462)
Plan fiduciary net position - beginning	439,983	407,475	427,937
Plan fiduciary net position - ending (b)	<u>\$ 463,060</u>	<u>\$ 439,983</u>	<u>\$ 407,475</u>
City's net pension liability/(asset) - ending (a) - (b)	<u>\$ 7,790</u>	<u>\$ 61,425</u>	<u>\$ 99,506</u>
Plan fiduciary net position as a percentage of the total pension liability	98.35%	87.75%	80.37%
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.

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

2018	2017	2016	2015
\$ 2,822	\$ 5,046	\$ 5,046	\$ 5,331
35,503	36,043	36,448	36,897
-	-	-	-
-	(14,390)	-	245
-	11,855	-	-
(42,720)	(46,520)	(47,270)	(49,320)
(4,395)	(7,966)	(5,776)	(6,847)
492,963	500,929	506,705	513,552
<u>\$ 488,568</u>	<u>\$ 492,963</u>	<u>\$ 500,929</u>	<u>\$ 506,705</u>
\$ 13,881	\$ 13,881	\$ 16,696	\$ 12,501
55,262	19,972	7,273	26,155
(42,720)	(46,520)	(47,270)	(49,320)
(6,175)	(877)	(2,992)	(987)
12,493	15,026	11,251	11,251
32,741	1,482	(15,042)	(400)
395,196	393,714	408,756	409,156
<u>\$ 427,937</u>	<u>\$ 395,196</u>	<u>\$ 393,714</u>	<u>\$ 408,756</u>
<u>\$ 60,631</u>	<u>\$ 97,767</u>	<u>\$ 107,215</u>	<u>\$ 97,949</u>
87.59%	80.17%	78.60%	80.67%
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

CITY OF STERLING, COLORADO
Schedule of City Contributions ¹
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)
2021	\$ 13,404	\$ 25,468	\$ (12,064)	N/A	N/A
2020	13,404	13,404	-	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 ¹
Sterling Old Hire Fire Pension Fund
Last 10 Fiscal Years

	2021	2020	2019
Total pension liability			
Service cost	\$ -	\$ -	\$ -
Interest on the total pension liability	72,513	96,274	97,872
Benefit changes	-	-	-
Differences between expected and actual experience	-	(18,715)	-
Changes of assumptions	-	368,843	-
Benefit payments	(117,348)	(119,114)	(119,240)
Net change in total pension liability	(44,835)	327,288	(21,368)
Total pension liability - beginning	1,669,420	1,342,132	1,363,500
Total pension liability - ending (a)	<u>\$ 1,624,585</u>	<u>\$ 1,669,420</u>	<u>\$ 1,342,132</u>
Plan fiduciary net position			
Contributions - employer	\$ 75,480	\$ 75,480	\$ 64,508
Contributions - employee	-	-	-
Net investment income	48,318	74,150	(720)
Benefit payments	(117,348)	(119,114)	(119,240)
Pension plan administrative expenses	(2,723)	(1,794)	(3,616)
Net change in plan fiduciary net position	3,727	28,722	(59,068)
Plan fiduciary net position - beginning	670,045	641,323	700,391
Plan fiduciary net position - ending (b)	<u>\$ 673,772</u>	<u>\$ 670,045</u>	<u>\$ 641,323</u>
City's net pension liability/(asset) - ending (a) - (b)	<u>\$ 950,813</u>	<u>\$ 999,375</u>	<u>\$ 700,809</u>
Plan fiduciary net position as a percentage of the total pension liability	41.47%	40.14%	47.78%
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.

2018	2017	2016	2015
\$ -	\$ -	\$ -	\$ -
96,318	97,555	90,203	91,410
-	-	-	-
41,871	-	37,048	-
-	-	81,512	-
(115,767)	(112,395)	(109,122)	(105,943)
22,422	(14,840)	99,641	(14,533)
1,341,078	1,355,918	1,256,277	1,270,810
<u>\$ 1,363,500</u>	<u>\$ 1,341,078</u>	<u>\$ 1,355,918</u>	<u>\$ 1,256,277</u>

\$ 64,508	\$ 50,937	\$ 50,937	\$ 50,937
-	-	-	-
91,074	34,135	13,088	47,348
(115,767)	(112,395)	(109,122)	(105,943)
(1,253)	(2,915)	(1,360)	(3,978)
38,562	(30,238)	(46,457)	(11,636)
661,829	692,067	738,524	750,160
<u>\$ 700,391</u>	<u>\$ 661,829</u>	<u>\$ 692,067</u>	<u>\$ 738,524</u>
<u>\$ 663,109</u>	<u>\$ 679,249</u>	<u>\$ 663,851</u>	<u>\$ 517,753</u>

51.37% 49.35% 51.04% 58.79%

N/A N/A 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

<u>Year Ended December 31,</u>	<u>Actuarially Determined Contribution *</u>	<u>Actual Contribution *</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actuarial Contribution as a % of Covered Payroll</u>
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2021	\$ 75,480	\$ 75,480	\$ -	N/A	N/A
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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 10,025,205	\$ 10,045,205	\$ 11,572,744	\$ 1,527,539
Licenses and permits	175,250	175,250	245,779	70,529
Intergovernmental	2,188,403	2,724,585	2,636,718	(87,867)
Charges for services	129,915	129,915	236,290	106,375
Fines and forfeitures	64,500	64,500	65,190	690
Earnings on investments	35,000	35,000	2,017	(32,983)
Miscellaneous	1,102,106	1,123,756	1,158,091	34,335
Total revenues	13,720,379	14,298,211	15,916,829	1,618,618
Expenditures				
Current				
General government	3,209,573	3,494,008	3,293,944	200,064
Public safety	6,307,571	6,343,607	5,864,454	479,153
Public works	2,510,901	2,934,587	2,130,946	803,641
Health and welfare	255,901	254,501	240,227	14,274
Culture and recreation	3,119,509	3,405,405	2,773,824	631,581
Total expenditures	15,403,455	16,432,108	14,303,395	2,128,713
Excess of revenues over (under) expenditures	(1,683,076)	(2,133,897)	1,613,434	3,747,331
Other financing sources				
Proceeds from the sale of assets	100	100		(100)
Transfers in	3,000	3,000	13,438	10,438
Total other financing sources	3,100	3,100	13,438	10,338
Net change in fund balance	\$ (1,679,976)	\$ (2,130,797)	1,626,872	\$ 3,757,669
Fund balance at beginning of year			4,404,599	
Fund balance at end of year			\$ 6,031,471	

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 annual comprehensive 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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Taxes				
General property	\$ 1,222,637	\$ 1,222,637	\$ 1,247,480	\$ 24,843
Specific ownership	135,000	135,000	138,780	3,780
General sales and use	8,066,418	8,086,418	9,513,389	1,426,971
Franchise	585,000	585,000	658,295	73,295
Employee occupation	16,150	16,150	14,800	(1,350)
Total taxes	10,025,205	10,045,205	11,572,744	1,527,539
Licenses and permits				
Business	27,000	27,000	25,890	(1,110)
Non-business	148,250	148,250	219,889	71,639
Total licenses and permits	175,250	175,250	245,779	70,529
Intergovernmental				
Federal and state grants	154,157	490,339	456,736	(33,603)
State shared revenue	439,060	439,060	504,152	65,092
Road and bridge	71,000	271,000	288,376	17,376
Special districts	1,524,186	1,524,186	1,387,454	(136,732)
Total intergovernmental	2,188,403	2,724,585	2,636,718	(87,867)
Charges for services				
General government	1,000	1,000	3,466	2,466
Public safety	5,300	5,300	5,173	(127)
Highways and streets	8,100	8,100	22,878	14,778
Health	1,300	1,300	150	(1,150)
Cemeteries	27,800	27,800	36,000	8,200
Culture and recreation	80,400	80,400	155,207	74,807
Museum fees	6,015	6,015	13,416	7,401
Total charges for services	129,915	129,915	236,290	106,375

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Fines and forfeitures				
Court	59,500	59,500	59,636	136
Library	5,000	5,000	5,554	554
Total fines and forfeitures	64,500	64,500	65,190	690
Earnings on investments	35,000	35,000	2,017	(32,983)
Miscellaneous				
Rents	65,196	65,196	58,765	(6,431)
Fuel sales	177,000	187,000	246,258	59,258
Contributions	2,000	2,450	4,257	1,807
Refunds of expenditures			4,444	4,444
Administrative cost reimbursement	789,210	789,210	789,210	-
Miscellaneous	68,700	79,900	55,157	(24,743)
Total miscellaneous	1,102,106	1,123,756	1,158,091	34,335
Total revenues	<u>\$ 13,720,379</u>	<u>\$ 14,298,211</u>	<u>\$ 15,916,829</u>	<u>\$ 1,618,618</u>

CITY OF STERLING, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
General government				
City council	\$ 90,011	\$ 105,011	\$ 97,055	\$ 7,956
City manager	394,432	414,432	407,533	6,899
City attorney	248,666	260,601	211,297	49,304
Municipal court	130,062	130,062	109,556	20,506
Finance department	607,590	655,590	631,564	24,026
City hall and non-departmental	1,526,982	1,716,482	1,624,629	91,853
Personnel	211,830	211,830	212,310	(480)
Total general government	3,209,573	3,494,008	3,293,944	200,064
Public safety				
Police department	2,509,609	2,529,445	2,337,135	192,310
Dispatch center	1,082,500	1,082,500	954,141	128,359
Youth services	125,588	125,588	115,712	9,876
Fire department	1,841,777	1,852,977	1,803,227	49,750
Ambulance services	748,097	753,097	654,239	98,858
Total public safety	6,307,571	6,343,607	5,864,454	479,153
Public works				
Street division	1,655,488	1,705,590	982,761	722,829
Administration	498,736	521,436	503,021	18,415
Airport	356,677	707,561	645,164	62,397
Total public works	2,510,901	2,934,587	2,130,946	803,641
Health and welfare				
Cemetery	255,901	254,501	240,227	14,274
Culture and recreation				
Museum	336,170	416,416	319,232	97,184
Parks	523,110	541,910	485,050	56,860
Recreation center	813,404	813,154	717,249	95,905
Forestry	203,528	199,728	193,802	5,926
Recreation division	618,499	761,788	462,216	299,572
Library	624,798	672,409	596,275	76,134
Total culture and recreation	3,119,509	3,405,405	2,773,824	631,581
Total expenditures	\$ 15,403,455	\$ 16,432,108	\$ 14,303,395	\$ 2,128,713

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, 2021

	Special Revenue Funds		
	Conservation Trust Fund	Perpetual Care Fund	Karl Falch Library Fund
Assets			
Cash		\$ 1,502	\$ 381
Investments	\$ 308,040	233,315	32,961
Receivables			
Total assets	<u>\$ 308,040</u>	<u>\$ 234,817</u>	<u>\$ 33,342</u>
Liabilities and fund balance			
Liabilities			
Accounts payable	\$ 37,757		
Total liabilities	37,757	\$ -	\$ -
Fund balance			
Restricted for public safety			
Restricted for culture and recreation	270,283		33,342
Committed to capital improvements			
Committed to health and welfare		234,817	
Total fund balance	<u>270,283</u>	<u>234,817</u>	<u>33,342</u>
Total liabilities and fund balance	<u>\$ 308,040</u>	<u>\$ 234,817</u>	<u>\$ 33,342</u>

Special Revenue Funds			Capital Projects Fund	
Hotel Tax Fund	Sunset Memorial Gardens Fund	Old Hire Police Pension Fund	Capital Improvement Fund	Total
\$ 18,612	\$ 1,900	\$ 1,404	\$ 7,755	\$ 31,554
1,091,709	4	58,075	173,229	1,897,333
17,774			439	18,213
<u>\$ 1,128,095</u>	<u>\$ 1,904</u>	<u>\$ 59,479</u>	<u>\$ 181,423</u>	<u>\$ 1,947,100</u>
\$ 47,440				\$ 85,197
47,440	\$ -	\$ -	\$ -	85,197
		59,479		59,479
1,080,655			181,423	1,384,280
	1,904			181,423
				236,721
<u>1,080,655</u>	<u>1,904</u>	<u>59,479</u>	<u>181,423</u>	<u>1,861,903</u>
<u>\$ 1,128,095</u>	<u>\$ 1,904</u>	<u>\$ 59,479</u>	<u>\$ 181,423</u>	<u>\$ 1,947,100</u>

CITY OF STERLING, COLORADO
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2021

	Special Revenue Funds		
	Conservation Trust Fund	Perpetual Care Fund	Karl Falch Library Fund
Revenues			
Taxes			
Intergovernmental revenue	\$ 169,745		
Earnings on investments	118	\$ 104	\$ 16
Charges for services			
Miscellaneous		18,200	
Total revenues	169,863	18,304	16
Expenditures			
Current			
General government			
Public safety			
Health and welfare		1,610	
Culture and recreation	117,590		55
Total expenditures	117,590	1,610	55
Excess of revenues over (under) expenditures	52,273	16,694	(39)
Other financing sources (uses)			
Proceeds from the sale of assets			
Transfers out		(103)	
Total other financing sources (uses)	-	(103)	-
Net change in fund balance	52,273	16,591	(39)
Fund balance at beginning of year	218,010	218,226	33,381
Fund balance at end of year	<u>\$ 270,283</u>	<u>\$ 234,817</u>	<u>\$ 33,342</u>

Special Revenue Funds			Capital Projects Fund	
Hotel Tax Fund	Sunset Memorial Gardens Fund	Old Hire Police Pension Fund	Capital Improvement Fund	Total
\$ 219,769				\$ 219,769
494	\$ 4	\$ 58	\$ 71	169,745
1,264	14,190		17,028	865
			15	17,028
221,527	14,194	58	17,114	33,669
			7,465	7,465
		102,333		102,333
139,245	10,265			11,875
139,245	10,265	102,333	7,465	256,890
82,282	3,929	(102,275)	9,649	62,513
			110,265	110,265
	(13,335)			(13,438)
-	(13,335)	-	110,265	96,827
82,282	(9,406)	(102,275)	119,914	159,340
998,373	11,310	161,754	61,509	1,702,563
<u>\$ 1,080,655</u>	<u>\$ 1,904</u>	<u>\$ 59,479</u>	<u>\$ 181,423</u>	<u>\$ 1,861,903</u>

CITY OF STERLING, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 175,000	\$ 175,000	\$ 169,745	\$ (5,255)
Earnings on investments	3,000	3,000	118	(2,882)
Total revenues	178,000	178,000	169,863	(8,137)
Expenditures				
Current				
Culture and recreation	265,326	265,326	117,590	147,736
Total expenditures	265,326	265,326	117,590	147,736
Net change in fund balance	\$ (87,326)	\$ (87,326)	52,273	\$ 139,599
Fund balance at beginning of year			218,010	
Fund balance at end of year			\$ 270,283	

CITY OF STERLING, COLORADO
Perpetual Care Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 3,000	\$ 3,000	\$ 104	\$ (2,896)
Miscellaneous	14,000	14,000	18,200	4,200
Total revenues	17,000	17,000	18,304	1,304
Expenditures				
Current				
Health and welfare	1,340	1,340	1,610	(270)
Total expenditures	1,340	1,340	1,610	(270)
Excess of revenues over (under) expenditures	15,660	15,660	16,694	1,034
Other financing uses				
Transfers out	(3,000)	(3,000)	(103)	2,897
Net change in fund balance	<u>\$ 12,660</u>	<u>\$ 12,660</u>	16,591	<u>\$ 3,931</u>
Fund balance at beginning of year			<u>218,226</u>	
Fund balance at end of year			<u>\$ 234,817</u>	

CITY OF STERLING, COLORADO
Karl Falch Library Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 400	\$ 400	\$ 16	\$ (384)
Total revenues	400	400	16	(384)
Expenditures				
Current				
Culture and recreation	355	355	55	300
Total expenditures	355	355	55	300
Net change in fund balance	\$ 45	\$ 45	(39)	\$ (84)
Fund balance at beginning of year			33,381	
Fund balance at end of year			\$ 33,342	

CITY OF STERLING, COLORADO
Hotel Tax Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Hotel lodging tax	\$ 150,000	\$ 150,000	\$ 219,769	\$ 69,769
Miscellaneous			1,264	1,264
Earnings on investments	8,000	8,000	494	(7,506)
Total revenues	158,000	158,000	221,527	63,527
Expenditures				
Current				
Culture and recreation	13,150	269,114	139,245	129,869
Total expenditures	13,150	269,114	139,245	129,869
Net change in fund balance	\$ 144,850	\$ (111,114)	82,282	\$ (66,342)
Fund balance at beginning of year			998,373	
Fund balance at end of year			\$ 1,080,655	

CITY OF STERLING, COLORADO
Sunset Memorial Gardens Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Miscellaneous	\$ 11,550	\$ 11,550	\$ 14,190	\$ 2,640
Earnings on investments			4	4
Total revenues	11,550	11,550	14,194	2,644
Expenditures				
Current				
Health and welfare	100	35,600	10,265	25,335
Total expenditures	100	35,600	10,265	25,335
Excess of revenues over (under) expenditures	11,450	(24,050)	3,929	(22,691)
Other financing uses				
Transfers out			(13,335)	(13,335)
Net change in fund balance	<u>\$ 11,450</u>	<u>\$ (24,050)</u>	(9,406)	<u>\$ (36,026)</u>
Fund balance at beginning of year			11,310	
Fund balance at end of year			<u>\$ 1,904</u>	

CITY OF STERLING, COLORADO
Old Hire Police Pension Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 2,000	\$ 2,000	\$ 58	\$ (1,942)
Total revenues	2,000	2,000	58	(1,942)
Expenditures				
Current				
Public safety	109,121	109,121	102,333	6,788
Total expenditures	109,121	109,121	102,333	6,788
Net change in fund balance	\$ (107,121)	\$ (107,121)	(102,275)	\$ 4,846
Fund balance at beginning of year			161,754	
Fund balance at end of year			\$ 59,479	

CITY OF STERLING, COLORADO
Capital Improvement Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 1,000	\$ 1,000	\$ 71	\$ (929)
Rents	19,671	19,671	17,028	(2,643)
Grants		428,982		(428,982)
Miscellaneous			15	15
Total revenues	20,671	449,653	17,114	(432,539)
Expenditures				
Current				
General government	5,310	585,653	7,465	578,188
Total expenditures	5,310	585,653	7,465	578,188
Excess of revenues over (under) expenditures	15,361	(136,000)	9,649	145,649
Other financing sources				
Transfers in		107,246		(107,246)
Proceeds from the sale of assets	175,000	175,000	110,265	(64,735)
Total other financing sources	175,000	282,246	110,265	(171,981)
Net change in fund balance	\$ 190,361	\$ 146,246	119,914	\$ (26,332)
Fund balance at beginning of year			61,509	
Fund balance at end of year			\$ 181,423	

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 6,371,390	\$ 6,371,390	\$ 6,219,679	\$ (151,711)
Total operating revenues	6,371,390	6,371,390	6,219,679	(151,711)
Operating expenses				
Personnel	786,447	786,447	693,008	93,439
Maintenance and supplies	2,415,170	2,419,171	1,541,250	877,921
Administrative cost allocation	480,348	480,348	480,348	-
Capital purchases	1,319,816	2,739,397	910,074	1,829,323
Total operating expenses	5,001,781	6,425,363	3,624,680	2,800,683
Operating income (loss)	1,369,609	(53,973)	2,594,999	2,648,972
Nonoperating revenues (expenses)				
Earnings on investments	60,000	60,000	3,344	(56,656)
Rents and rights	89,710	89,710	87,689	(2,021)
Miscellaneous	3,250	3,250	105,790	102,540
Principal paid on notes	(1,376,399)	(1,376,399)	(1,376,399)	-
Interest and fiscal charges	(484,714)	(484,714)	(439,425)	45,289
Total nonoperating revenues (expenses)	(1,708,153)	(1,708,153)	(1,619,001)	89,152
Net income (loss) before capital contributions	(338,544)	(1,762,126)	975,998	2,738,124

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Capital contributions	24,500	24,500	10,364	(14,136)
Change in net position	<u>\$ (314,044)</u>	<u>\$ (1,737,626)</u>	986,362	<u>\$ 2,723,988</u>
Adjustments to GAAP Basis				
Add capital purchases			910,074	
Add principal paid on notes			1,376,399	
Deduct depreciation			(908,419)	
Change in net position - GAAP Basis			2,364,416	
Net position at beginning of year			<u>26,342,240</u>	
Net position at end of year			<u>\$ 28,706,656</u>	

CITY OF STERLING, COLORADO
Sanitation Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 666,500	\$ 666,500	\$ 658,764	\$ (7,736)
Total operating revenues	666,500	666,500	658,764	(7,736)
Operating expenses				
Personnel	271,584	271,584	201,925	69,659
Maintenance and supplies	359,693	444,923	447,719	(2,796)
Administrative cost allocation	94,691	94,691	94,691	-
Capital purchases	2,933	2,933		2,933
Total operating expenses	728,901	814,131	744,335	69,796
Operating loss	(62,401)	(147,631)	(85,571)	62,060
Nonoperating revenues				
Earnings on investments	8,000	8,000	304	(7,696)
Total nonoperating revenues	8,000	8,000	304	(7,696)
Change in net position	\$ (54,401)	\$ (139,631)	(85,267)	\$ 54,364
Adjustments to GAAP Basis				
Deduct depreciation			(71,565)	
Change in net position - GAAP Basis			(156,832)	
Net position at beginning of year			1,141,141	
Net position at end of year			\$ 984,309	

CITY OF STERLING, COLORADO
Sewer Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 3,994,000	\$ 3,994,000	\$ 3,926,516	\$ (67,484)
Total operating revenues	3,994,000	3,994,000	3,926,516	(67,484)
Operating expenses				
Personnel	615,759	615,759	589,809	25,950
Maintenance and supplies	806,046	814,307	720,029	94,278
Administrative cost allocation	214,171	360,158	214,171	145,987
Capital purchases	460,433	13,414,235	6,942,848	6,471,387
Total operating expenses	2,096,409	15,204,459	8,466,857	6,737,602
Operating income (loss)	1,897,591	(11,210,459)	(4,540,341)	6,670,118
Nonoperating revenues (expenses)				
Earnings on investments	75,000	75,000	3,592	(71,408)
Loan proceeds		8,686,000		(8,686,000)
Miscellaneous			31,559	31,559
Principal paid on notes		(676,841)	(676,841)	-
Interest and fiscal charges		(415,590)	(498,645)	(83,055)
Total nonoperating revenues	75,000	7,668,569	(1,140,335)	(8,808,904)
Net income (loss) before capital contributions and transfers	1,972,591	(3,541,890)	(5,680,676)	(2,138,786)
Capital contributions	10,800	10,800	4,000	(6,800)
Transfers in			4,267	4,267
Change in net position	\$ 1,983,391	\$ (3,531,090)	(5,672,409)	\$ (2,141,319)
Adjustments to GAAP Basis				
Add capital purchases			6,942,848	
Add principal paid on notes			676,841	
Deduct depreciation and amortization			(634,320)	
Change in net position - GAAP Basis			1,312,960	
Net position at beginning of year			17,359,974	
Net position at end of year			\$ 18,672,934	

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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, 2021

	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Assets			
Current assets			
Cash	\$ 16,292	\$ 28,871	\$ 5,799
Investments	211,875	276,625	848,221
Receivables		145	14,312
Total current assets	228,167	305,641	868,332
Noncurrent assets			
Capital assets, net of accumulated depreciation	3,224,802		
Total noncurrent assets	3,224,802	-	-
Total assets	<u>\$ 3,452,969</u>	<u>\$ 305,641</u>	<u>\$ 868,332</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 22,397	\$ 228	
Accrued salaries and benefits payable			
Accrued interest payable	7,110		
Current portion of capital lease obligation	61,123		
Total current liabilities	90,630	228	\$ -
Long-term liabilities			
Accrued compensated absences			
Capital lease obligation	129,184		
Total long-term liabilities	129,184	-	-
Total liabilities	219,814	228	-
Net position			
Net investment in capital assets	3,034,495		
Restricted for emergencies			470,000
Unrestricted	198,660	305,413	398,332
Total net position	3,233,155	305,413	868,332
Total liabilities and net position	<u>\$ 3,452,969</u>	<u>\$ 305,641</u>	<u>\$ 868,332</u>

Service Center Fund	Total
\$ 6,440	\$ 57,402
370,059	1,706,780
	14,457
<u>376,499</u>	<u>1,778,639</u>
1,432,140	4,656,942
<u>1,432,140</u>	<u>4,656,942</u>
<u>\$ 1,808,639</u>	<u>\$ 6,435,581</u>
\$ 3,900	\$ 26,525
11,764	11,764
	7,110
	61,123
<u>15,664</u>	<u>106,522</u>
26,721	26,721
	129,184
<u>26,721</u>	<u>155,905</u>
42,385	262,427
1,432,140	4,466,635
	470,000
334,114	1,236,519
<u>1,766,254</u>	<u>6,173,154</u>
<u>\$ 1,808,639</u>	<u>\$ 6,435,581</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, 2021

	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Operating revenues			
Charges for services	\$ 274,817	\$ 2,516,592	\$ 597,969
Miscellaneous			35,390
Total operating revenues	274,817	2,516,592	633,359
Operating expenses			
Claims			75,504
Premiums		2,510,631	598,845
Personnel			
Maintenance and supplies	46,470	4,961	610
Depreciation and amortization	406,035		
Total operating expenses	452,505	2,515,592	674,959
Operating income (loss)	(177,688)	1,000	(41,600)
Nonoperating revenues (expenses)			
Earnings on investments	216	133	386
Insurance proceeds			99,282
Debt service interest and fiscal charges	(7,110)		
Total nonoperating revenues (expenses)	(6,894)	133	99,668
Net income (loss) before transfers	(184,582)	1,133	58,068
Transfers out	(4,267)		
Change in net position	(188,849)	1,133	58,068
Net position at beginning of year	3,422,004	304,280	810,264
Net position at end of year	<u>\$ 3,233,155</u>	<u>\$ 305,413</u>	<u>\$ 868,332</u>

Service Center Fund	Total
\$ 661,914	\$ 4,051,292 35,390
661,914	4,086,682
	75,504
	3,109,476
455,930	455,930
110,789	162,830
90,353	496,388
657,072	4,300,128
4,842	(213,446)
145	880
	99,282
	(7,110)
145	93,052
4,987	(120,394)
	(4,267)
4,987	(124,661)
1,761,267	6,297,815
<u>\$ 1,766,254</u>	<u>\$ 6,173,154</u>

CITY OF STERLING, COLORADO
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2021

	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Cash flows from operating activities			
Receipts from customers	\$ 274,817	\$ 2,517,742	\$ 619,047
Payments to providers			(598,845)
Payments to claimants		(2,510,631)	(75,504)
Payments to suppliers	(85,365)	(4,979)	(610)
Payments to employees			
Net cash provided (used) by operating activities	189,452	2,132	(55,912)
Cash flows from noncapital financing activities			
Insurance proceeds			99,282
Net cash provided by noncapital financing activities	-	-	99,282
Cash flows from capital and related financing activities			
Purchase of capital assets	(391,403)		
Principal paid on capital lease obligations	(58,922)		
Interest and fiscal charges paid on capital debt	(9,312)		
Net cash used by capital and related financing activities	(459,637)	-	-
Cash flows from investing activities			
Sale of investments	267,726		
Purchase of investments			(54,999)
Net cash provided (used) by investing activities	267,726	-	(54,999)
Net change in cash and cash equivalents	(2,459)	2,132	(11,629)
Cash and cash equivalents at beginning of year	18,751	26,739	17,428
Cash and cash equivalents at end of year	\$ 16,292	\$ 28,871	\$ 5,799

Service Center Fund	Total
\$ 661,914	\$ 4,073,520
	(598,845)
	(2,586,135)
(238,249)	(329,203)
(332,812)	(332,812)
90,853	226,525
	99,282
-	99,282
	(391,403)
	(58,922)
	(9,312)
-	(459,637)
	267,726
(95,000)	(149,999)
(95,000)	117,727
(4,147)	(16,103)
10,587	73,505
\$ 6,440	\$ 57,402

(continued)

CITY OF STERLING, COLORADO
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2021

(continued)	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (177,688)	\$ 1,000	\$ (41,600)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation and amortization	406,035		
Changes in operating assets and liabilities			
Accounts receivable		1,150	(14,312)
Accounts payable	(38,895)	(18)	
Accrued salaries and benefits payable			
Accrued compensated absences			
Net cash provided (used) by operating activities	<u>\$ 189,452</u>	<u>\$ 2,132</u>	<u>\$ (55,912)</u>

Service Center Fund	Total
\$ 4,842	\$ (213,446)
90,353	496,388
	(13,162)
(1,340)	(40,253)
(1,075)	(1,075)
(1,927)	(1,927)
<u>\$ 90,853</u>	<u>\$ 226,525</u>

CITY OF STERLING, COLORADO
Capital Replacement Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 224,715	\$ 274,817	\$ 274,817	\$ -
Total operating revenues	224,715	274,817	274,817	-
Operating expenses				
Maintenance and supplies	935	935	935	-
Noncapital purchases			45,535	(45,535)
Capital purchases	224,715	629,897	391,403	238,494
Total operating expenses	225,650	630,832	437,873	192,959
Operating loss	(935)	(356,015)	(163,056)	192,959
Nonoperating revenues (expenses)				
Earnings on investments	5,000	5,000	216	(4,784)
Principal paid on lease			(58,922)	(58,922)
Interest and fiscal charges			(7,110)	(7,110)
Total nonoperating revenues (expenses)	5,000	5,000	(65,816)	(70,816)
Net income (loss) before transfers	4,065	(351,015)	(228,872)	122,143
Transfers out			(4,267)	(4,267)
Change in net position	\$ 4,065	\$ (351,015)	(233,139)	\$ 117,876
Adjustments to GAAP Basis				
Add principal paid on lease			58,922	
Add capital purchases			391,403	
Deduct depreciation			(406,035)	
Change in net position - GAAP Basis			(188,849)	
Net position at beginning of year			3,422,004	
Net position at end of year			\$ 3,233,155	

CITY OF STERLING, COLORADO
Employee Benefits Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 2,732,876	\$ 2,732,876	\$ 2,516,592	\$ (216,284)
Total operating revenues	2,732,876	2,732,876	2,516,592	(216,284)
Operating expenses				
Premiums	2,732,876	2,732,876	2,510,631	222,245
Maintenance and supplies	4,150	4,150	4,961	(811)
Total operating expenses	2,737,026	2,737,026	2,515,592	221,434
Operating income (loss)	(4,150)	(4,150)	1,000	5,150
Nonoperating revenues				
Earnings on investments	4,500	4,500	133	(4,367)
Total nonoperating revenues	4,500	4,500	133	(4,367)
Change in net position	\$ 350	\$ 350	1,133	\$ 783
Net position at beginning of year			304,280	
Net position at end of year			\$ 305,413	

CITY OF STERLING, COLORADO
Risk Management Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 597,444	\$ 597,444	\$ 597,969	\$ 525
Miscellaneous	2,000	2,000	35,390	33,390
Total operating revenues	599,444	599,444	633,359	33,915
Operating expenses				
Claims	50,000	93,057	75,504	17,553
Premiums	597,444	597,444	598,845	(1,401)
Maintenance and supplies	2,110	6,919	610	6,309
Total operating expenses	649,554	697,420	674,959	22,461
Operating loss	(50,110)	(97,976)	(41,600)	56,376
Nonoperating revenues (expenses)				
Insurance proceeds	50,000	93,057	99,282	6,225
Earnings on investments	12,000	12,000	386	(11,614)
Total nonoperating revenues (expenses)	62,000	105,057	99,668	(5,389)
Change in net position	\$ 11,890	\$ 7,081	58,068	\$ 50,987
Net position at beginning of year			810,264	
Net position at end of year			\$ 868,332	

CITY OF STERLING, COLORADO
Service Center Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 661,914	\$ 661,914	\$ 661,914	\$ -
Total operating revenues	661,914	661,914	661,914	-
Operating expenses				
Personnel	557,567	557,567	455,930	101,637
Maintenance and supplies	115,049	115,049	110,789	4,260
Capital purchases	4,000	4,674		4,674
Total operating expenses	676,616	677,290	566,719	110,571
Operating income (loss)	(14,702)	(15,376)	95,195	110,571
Nonoperating revenues				
Earnings on investments	3,500	3,500	145	(3,355)
Total nonoperating revenues	3,500	3,500	145	(3,355)
Change in net position	\$ (11,202)	\$ (11,876)	95,340	\$ 107,216
Adjustments to GAAP Basis				
Deduct depreciation			(90,353)	
Change in net position - GAAP Basis			4,987	
Net position at beginning of year			1,761,267	
Net position at end of year			\$ 1,766,254	

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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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Tax increment financing	\$ 710,000	\$ 710,000	\$ 650,608	\$ (59,392)
Earnings on investments	9,260	9,260	5,126	(4,134)
Total revenues	719,260	719,260	655,734	(63,526)
Expenditures				
Grants and contributions	760,000	760,000	138,298	621,702
Legal and professional fees	5,000	5,000	3,154	1,846
County treasurer's fees	14,200	14,200	13,012	1,188
Contribution to LCEDC	15,000	15,000	15,000	-
Improvement projects	239,100	239,100	122,658	116,442
Miscellaneous	3,500	3,500	5,436	(1,936)
Total expenditures	1,036,800	1,036,800	297,558	739,242
Net change in fund balance	\$ (317,540)	\$ (317,540)	358,176	\$ 675,716
Fund balance at beginning of year			4,599,637	
Fund balance at end of year			\$ 4,957,813	

**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 2021
This Information From The Records Of (example - City of _ or County of _) City of Sterling	Prepared By: Phone: Deb Forbes 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)	2,048
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	372,386
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	17,518
2. General fund appropriations	569,440	b. Snow and ice removal	17,447
3. Other local imposts (from page 2)	427,157	c. Other	216,252
4. Miscellaneous local receipts (from page 2)	24,010	d. Total (a. through c.)	251,217
5. Transfers from toll facilities		4. General administration & miscellaneous	168,194
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	658,255
a. Bonds - Original Issues		6. Total (1 through 5)	1,452,100
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)	1,020,607	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	431,493	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,452,100	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)	1,452,100

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
		1,452,100	1,452,100		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2021

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	24,010
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	427,157	g. Other Misc. Receipts	
6. Total (1. through 5.)	427,157	h. Other	
c. Total (a. + b.)	427,157	i. Total (a. through h.)	24,010
	(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	388,462	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	43,032	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.)	43,032	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	431,493	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		2,048	2,048
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	2,048	2,048
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	2,048	2,048
			(Carry forward to page 1)

Notes and Comments:

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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	157
Changes in Net Position	158
Fund Balances of Governmental Funds	160
Changes in Fund Balances of Governmental Funds	161

Revenue Capacity Information

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

General Governmental Tax Revenues by Source	162
Property Tax Rate for Direct and Overlapping Governments	163
Assessed Value and Actual Value of Taxable Property	164
Sales Tax Rate for Direct and Overlapping Governments	165
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Debt Capacity Information

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

Legal Debt Margin Information	167
Ratio of Outstanding Debt by Type	168
Direct and Overlapping Governmental Activities Debt	169

Demographic and Economic Information

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

Demographic Economic Statistics	170
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Operating Information

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

Full-time Equivalent Employees by Function	171
Operating Indicators by Function	172
Capital Asset Statistics by Function	173

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in Capital Assets	\$28,225	\$28,664	\$30,638	\$32,617	\$34,120	\$34,729	\$34,846	\$35,188	\$35,650	\$35,354
Nonspendable prepaid expenses	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Emergencies	370	370	370	420	420	420	420	440	440	470
Public Safety	-	754	637	460	352	142	57	253	162	60
Culture and recreation	342	483	767	710	514	715	952	1,153	1,250	1,384
Pensions	-	-	-	670	213	155	648	-	171	605
Unrestricted	6,129	6,175	6,869	6,552	6,056	6,011	5,629	6,114	5,411	6,797
Total governmental activities net position	\$35,066	\$36,446	\$39,281	\$41,429	\$41,675	\$42,172	\$42,552	\$43,148	\$43,084	\$44,670
Business-type activities										
Net investment in Capital Assets	\$21,339	\$22,519	\$15,973	\$16,714	\$20,146	\$22,327	\$24,324	\$24,637	\$28,230	\$35,885
Restricted for system improvements	-	-	1,957	1,957	184	80	81	83	83	83
Unrestricted	6,720	7,524	13,678	13,301	12,362	11,235	11,426	16,136	16,477	12,317
Total business-type activities net position	\$28,059	\$30,043	\$31,608	\$31,972	\$32,692	\$33,642	\$35,831	\$40,856	\$44,790	\$48,285
Primary government										
Net investment in Capital Assets	\$49,564	\$51,183	\$46,611	\$49,331	\$54,266	\$57,056	\$59,170	\$59,825	\$63,881	\$71,239
Nonspendable prepaid expenses	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Emergencies	370	370	370	420	420	420	420	440	440	470
Public Safety	-	754	637	460	352	142	57	253	162	60
Culture and recreation	342	483	767	710	514	715	952	1,153	1,250	1,384
Pensions	-	-	-	670	213	155	648	-	171	605
System Improvements	-	-	1,957	1,957	184	80	81	83	82	83
Unrestricted	12,849	13,699	20,547	19,853	18,418	17,246	17,055	22,250	21,888	19,114
Total primary government net position	\$63,125	\$66,489	\$70,889	\$73,401	\$74,367	\$75,814	\$78,383	\$84,004	\$87,874	\$92,955

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 2,395	\$ 2,698	\$ 2,664	\$ 3,042	\$ 2,833	\$ 2,772	\$ 2,773	\$ 2,992	\$ 3,113	\$ 3,364
Public Safety	4,189	4,384	4,618	4,798	5,448	5,542	5,135	5,457	6,163	5,968
Public Works	2,378	2,470	2,487	1,629	2,503	2,182	2,323	2,315	2,346	2,601
Parks, Library, Recreation	2,861	2,827	2,860	2,497	3,053	3,092	3,216	3,316	3,084	3,094
Interest on Long-term debt	82	58	49	45	35	24	26	13	10	7
Total governmental activities expenses	11,905	12,437	12,678	12,011	13,872	13,612	13,473	14,093	14,716	15,034
Business-type activities:										
Water	2,679	2,814	3,361	4,324	4,241	4,403	4,328	3,935	4,116	4,073
Sanitation	493	446	476	476	464	504	576	607	693	819
Sewer	1,640	1,693	1,851	1,863	2,088	2,344	2,060	2,023	2,518	2,665
Total business-type activities expenses	4,812	4,953	5,688	6,663	6,793	7,251	6,964	6,565	7,327	7,557
Total primary government expenses	\$16,717	\$17,390	\$18,366	\$18,674	\$20,665	\$20,863	\$20,437	\$20,658	\$22,043	\$22,591
Program Revenue										
Governmental activities:										
Charge for Services - General Government	\$ 216	\$ 149	\$ 158	\$ 219	\$ 198	\$ 113	\$ 122	\$ 207	\$ 234	\$ 185
Charge for Services - Public Safety	94	81	80	83	76	69	51	47	49	49
Charge for Services - Public Works	360	339	335	225	216	225	246	261	239	352
Charge for Services - Parks, Library, Rec.	352	356	358	318	367	369	337	328	203	319
Operating grants	687	890	818	662	638	669	731	763	702	1,102
Capital grants	217	-	1,913	453	548	249	5	186	368	408
Total governmental activities program revenues	1,926	1,815	3,662	1,960	2,043	1,694	1,492	1,792	1,795	2,415
Business-type activities:										
Charge for Services - Water	5,470	4,910	5,016	5,003	5,130	5,372	5,829	6,340	6,378	6,220
Charge for Services - Sanitation	457	466	479	471	609	601	611	669	661	659
Charge for Services - Sewer	1,718	1,658	1,736	1,688	1,663	2,053	2,440	4,128	3,987	3,926
Operating grants	-	-	-	-	-	6	18	-	-	-
Capital grants	32	45	28	81	36	37	52	39	36	14
Total business-type activities program revenues	7,677	7,079	7,259	7,243	7,438	8,069	8,950	11,176	11,062	10,819
Total primary government program revenues	\$ 9,603	\$ 8,894	\$10,921	\$ 9,203	\$ 9,481	\$ 9,763	\$10,442	\$12,968	\$12,857	\$13,234

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (expense)/revenue										
Governmental activities	\$ (9,979)	\$ (10,622)	\$ (9,016)	\$ (10,051)	\$ (11,829)	\$ (11,918)	\$ (11,981)	\$ (12,301)	\$ (12,921)	\$ (12,620)
Business-type activities	2,865	2,126	7,259	580	645	818	1,986	4,611	3,735	3,262
Total primary government net expense	\$ (7,114)	\$ (8,496)	\$ (1,757)	\$ (9,471)	\$ (11,184)	\$ (11,100)	\$ (9,995)	\$ (7,690)	\$ (9,186)	\$ (9,358)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property Tax	\$ 1,011	\$ 1,018	\$ 1,038	\$ 1,048	\$ 1,095	\$ 1,116	\$ 1,139	\$ 1,149	\$ 1,222	\$ 1,248
Specific Ownership Tax	-	-	127	126	119	122	123	139	136	139
Sales and Use Tax	6,799	6,912	7,703	7,620	7,427	7,349	7,609	8,236	8,401	9,513
Franchise Tax	652	685	699	664	632	635	626	614	609	658
Other Taxes	243	292	227	213	158	222	236	225	182	235
Unrestricted Earnings on Investments	14	8	8	14	47	72	137	162	48	4
Miscellaneous	1,816	3,022	1,956	2,433	2,501	2,685	2,399	2,372	2,259	2,298
Sale of Assets	1	-	-	11	-	8	-	-	-	110
Transfers	92	93	93	94	96	92	92	-	-	-
Total governmental activities	\$ 10,628	\$ 12,030	\$ 11,851	\$ 12,223	\$ 12,075	\$ 12,301	\$ 12,361	\$ 12,897	\$ 12,857	\$ 14,205
Business-type activities:										
Unrestricted Earnings on Investments	\$ 13	\$ 9	\$ 11	\$ 20	\$ 74	\$ 135	\$ 208	\$ 266	\$ 106	\$ 7
Miscellaneous	91	238	12	166	96	89	86	148	94	225
Sale of Assets	-	1	165	27	-	-	-	-	-	-
Transfers	(92)	(93)	(93)	(94)	(96)	(92)	(92)	-	-	-
Total business-type activities	12	155	95	119	74	132	202	414	200	232
Total primary government	\$ 10,640	\$ 12,185	\$ 11,946	\$ 12,342	\$ 12,149	\$ 12,433	\$ 12,563	\$ 13,311	\$ 13,057	\$ 14,437
Changes in Net Position										
Governmental activities	\$ 649	\$ 1,408	\$ 2,835	\$ 2,172	\$ 246	\$ 383	\$ 380	\$ 596	\$ (64)	\$ 1,585
Business-type activities	2,877	2,281	7,354	699	719	950	2,188	5,025	3,935	3,494
Total primary government	\$ 3,526	\$ 3,689	\$ 10,189	\$ 2,871	\$ 965	\$ 1,333	\$ 2,568	\$ 5,621	\$ 3,871	\$ 5,079

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable - prepaid items	\$ 119	\$ -	\$ 85	\$ 70	\$ 93	\$ 124	\$ 103	\$ 100	\$ 96	\$ 107
Committed to:										
Culture and recreation	131	141	140	141	127	127	127	146	136	124
Unassigned	2,875	2,667	3,132	3,682	3,144	3,118	3,551	3,878	4,172	5,800
Total General Fund	\$ 3,125	\$ 2,808	\$ 3,357	\$ 3,893	\$ 3,364	\$ 3,369	\$ 3,781	\$ 4,124	\$ 4,404	\$ 6,031
All other governmental funds										
Nonspendable - prepaid items	\$ -	\$ 230	\$ 155	\$ 72	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:										
Public safety	-	754	637	460	352	142	57	253	162	60
Culture and recreation	342	483	768	710	514	715	952	1,153	1,250	1,384
Committed to:										
Capital Improvement	791	825	841	572	488	509	532	226	61	181
Health & Welfare	174	202	190	185	225	223	237	231	230	237
Total all other governmental funds	\$ 1,307	\$ 2,494	\$ 2,591	\$ 1,999	\$ 1,579	\$ 1,589	\$ 1,778	\$ 1,863	\$ 1,703	\$ 1,862

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

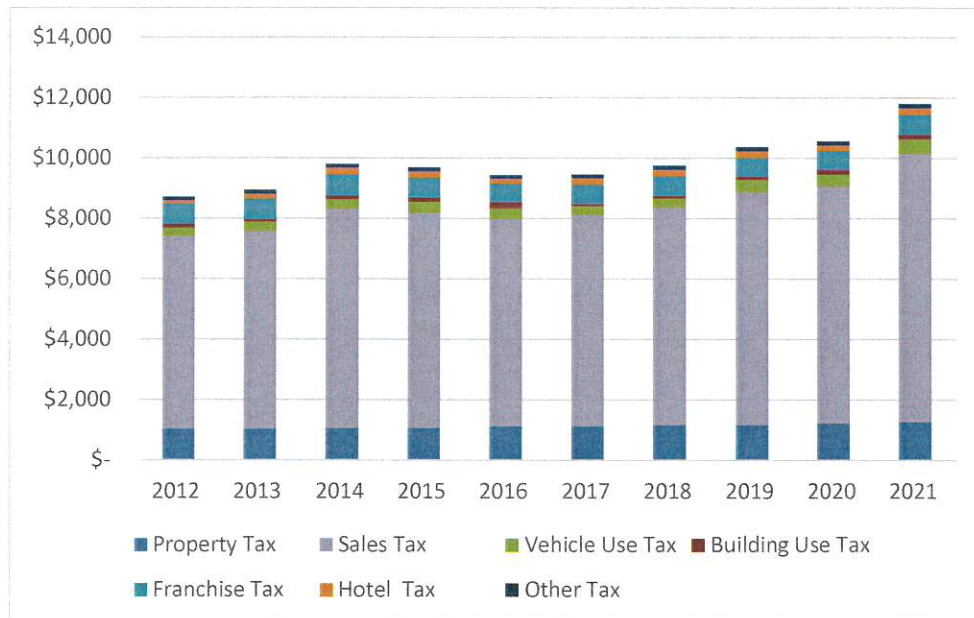
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue										
Taxes	\$ 8,699	\$ 8,925	\$ 9,795	\$ 9,672	\$ 9,432	\$ 9,447	\$ 9,733	\$ 10,364	\$ 10,550	\$ 11,793
Licenses and Permits	251	182	212	267	251	163	169	252	290	246
Intergovernmental	2,098	2,135	4,031	2,572	2,437	2,480	2,269	2,239	2,453	2,806
Charges for services	283	293	279	259	278	290	280	279	120	253
Fines and forfeitures	127	108	106	105	101	93	72	67	67	65
Earnings on investments	8	5	5	9	27	41	83	110	33	3
Miscellaneous	985	2,126	989	1,200	1,242	1,358	1,106	1,406	1,102	1,192
Total Revenue	\$12,451	\$13,774	\$15,417	\$14,084	\$13,768	\$13,872	\$13,712	\$14,717	\$14,615	\$16,358
Expenditures										
General Government	\$ 2,508	\$ 2,745	\$ 2,658	\$ 3,140	\$ 3,036	\$ 2,765	\$ 2,636	\$ 3,213	\$ 3,339	\$ 3,301
Public Safety	4,295	4,577	4,761	5,335	5,397	5,303	5,299	5,530	5,603	5,967
Public Works	2,507	2,965	4,628	2,757	3,152	2,898	2,152	2,872	2,594	2,131
Cemetery	192	168	237	184	203	235	223	237	281	252
Recreation	2,308	2,312	2,348	2,607	2,789	2,521	2,663	2,837	2,936	3,031
Capital Outlay	93	-	-	-	-	-	-	-	-	-
Total Expenditures	\$11,903	\$12,767	\$14,632	\$14,023	\$14,577	\$13,722	\$12,973	\$14,689	\$14,753	\$14,682
Excess of revenues over (under) expenditures	\$ 548	\$ 1,007	\$ 785	\$ 61	\$ (809)	\$ 150	\$ 739	\$ 28	\$ (138)	\$ 1,676
Other financing sources (uses)										
Transfers in	\$ 47	\$ 1	\$ 1	\$ 39	\$ 1	\$ 5	\$ 2	\$ 480	\$ 110	\$ 13
Transfers out	(181)	(139)	(140)	(155)	(141)	(140)	(140)	(80)	(10)	(13)
Sale of land and buildings	-	-	-	-	-	-	-	-	158	110
Total other financing sources (uses)	\$ (134)	\$ (138)	\$ (139)	\$ (116)	\$ (140)	\$ (135)	\$ (138)	\$ 400	\$ 258	\$ 110
Net change in fund balances	\$ 414	\$ 869	\$ 646	\$ (55)	\$ (949)	\$ 15	\$ 601	\$ 428	\$ 120	\$ 1,786
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	Other Tax	Total
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
2021	\$ 1,247	\$ 8,902	\$ 466	\$ 145	\$ 658	\$ 220	\$ 155	\$ 11,793

Change								
2012-2021	23%	39%	81%	23%	1%	90%	22%	



**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	
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
2021	14.044	25.881	37.475	2.649	80.049

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 Land	Industrial	Agriculture	Natural Resources	Gas & Oil	State Assessed
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
2021	\$49,194	\$88,197	\$2,762	\$29,032	\$66,154	\$588	\$3,184	\$140,003

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>
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%
2021	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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Agriculture, Forestry & Fishing	\$5	\$7	\$8	\$19	\$71	\$50	\$11	\$11	\$10	\$13
Mining	\$6	\$8	\$8	\$11	\$12	\$1	\$3	\$2	\$3	\$4
Construction	\$65	\$48	\$57	\$59	\$79	\$64	\$59	\$54	\$77	\$75
Manufacturing	\$213	\$200	\$163	\$169	\$158	\$160	\$178	\$258	\$283	\$290
Transportation & Public Utilities	\$640	\$640	\$628	\$608	\$542	\$570	\$590	\$571	\$516	\$566
Wholesale Trade	\$220	\$202	\$516	\$332	\$228	\$968	\$285	\$389	\$295	\$305
Retail Trade	\$4,832	\$4,933	\$5,149	\$5,386	\$5,257	\$4,638	\$5,439	\$5,768	\$6,065	\$6,649
Finance, Insurance & Real Estate	\$2	\$2	\$7	\$6	\$8	\$9	\$9	\$15	\$12	\$10
Services	\$434	\$515	\$746	\$544	\$550	\$542	\$632	\$640	\$555	\$658

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
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 17,073	\$ 17,353	\$ 17,462	\$ 17,677	\$ 18,520	\$ 18,627	\$ 20,163	\$ 20,584	\$ 20,692	\$ 23,186
Debt applicable to limit	<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>	<u>190</u>
Legal Debt Margin	<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>	<u>\$ 22,996</u>

Legal Debt Margin Calculation for Fiscal Year 2021

Actual valuation	\$ 772,871
Debt limit - 3% of actual valuation	\$ 23,186
Amount of debt outstanding	\$ 51,001
Less deductions allowed:	
Sewer Loan	\$ 33,577
Water Loan	<u>\$ 17,234</u>
Total amount of debt applicable to debt limit	<u>\$ 190</u>
Legal Debt Margin	<u><u>\$ 22,996</u></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
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				
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	\$363	\$26,699	\$27,951	2.59%	14,203	\$1,968			
2015	\$635	\$35	\$164	\$186	\$25,392	\$26,412	2.37%	14,182	\$1,862			
2016	\$430	\$0	\$134	\$0	\$24,081	\$24,645	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	\$34,286	\$18,642	\$53,177	5.34%	13,790	\$3,856			
2021	\$0	\$190	\$0	\$33,577	\$17,234	\$51,001	N/A ²	13,739	\$3,712			

¹ See demographic economic statistics on page 170 for personal income and population data.

² Information for 2021 was not available at the time of the schedule preparation.

City of Sterling, Colorado
Direct and Overlapping Governmental Activities Debt
December 31, 2021
(amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Percentage Applicable	Amount Applicable
City of Sterling Direct Debt	\$190	100.00%	\$190
City of Sterling Overlapping Debt	<u>\$0</u>		<u>\$0</u>
Total	<u><u>\$190</u></u>		<u><u>\$190</u></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 168.

**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)						
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	\$43,833	\$1,036,820	2,337	2.7%
2019	13,976	21,914	\$42,751	\$1,023,131	2,624	2.3%
2020	13,790	21,528	\$46,217	\$994,960	2,078	4.7%
2021	13,739	21,487	N/A ⁵	N/A ⁵	1,885	4.2%

Data sources

¹US Census Bureau

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 2021 was not available at the time of the schedule preparation.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function										
General government	17	17	16	15	15	14	15	15	14	14
Public safety										
Police										
Officers	21	21	23	20	20	22	22	21	21	20
Civilians	5	5	5	5	6	6	6	6	6	5
Fire										
Firefighters	21	22	22	22	22	22	22	22	22	21
Civilians	1	1	1	1	1	1	1	1	1	1
Dispatch	9	8	7	10	11	11	11	11	11	12
Parks, Library, Recreation	22	23	26	24	25	27	26	31	25	28
Public Works	14	14	14	16	15	15	12	14	15	15
Water	5	8	9	9	9	10	10	11	10	10
Sanitation	4	4	4	4	4	4	3	4	3	4
Sewer System										
Sewer	2	2	1	1	4	4	4	4	4	4
Wastewater	4	3	4	4	5	4	4	4	3	4
Service Center	6	6	6	8	7	6	7	7	7	7
TOTAL	131	134	138	139	144	146	143	151	142	145

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Physical arrests	532	627	641	665	454	753	941	1,023	930	1,056
Traffic Accidents	250	267	297	257	256	250	228	264	197	184
Traffic charges	4,857	4,368	4,014	4,377	4,057	4,433	4,385	5,082	2,337	2,351
Fire										
Medical calls	1,283	1,403	1,743	2,077	1,990	2,034	2,101	2,059	2,093	2,048
Fire calls	151	90	95	140	116	118	114	90	141	133
Hazardous Calls	379	265	460	103	78	114	101	94	76	63
Public Works										
Building Permits:										
Residential	3	7	7	5	8	4	7	2	2	6
Non-residential	46	33	38	56	68	61	38	89	132	93
Construction Value:										
Residential ¹	\$373	\$773	\$1,165	\$611	\$830	\$392	\$993	\$187	\$229	\$457
Non-residential ¹	\$3,474	\$2,260	\$1,568	\$2,465	\$2,562	\$2,366	\$2,087	\$555	\$4,986	\$15,343
Parks, Library, Recreation										
Patrons using Library	57,214	49,085	47,707	39,507	42,072	36,041	65,730	72,810	26,471	39,252
Recreation Division Programs	7	6	6	6	6	6	6	9	2	9
Recreation Division Teams	269	254	258	275	266	227	114	256	73	165
Sanitation										
Compacted refuse (tons)	5,547	5,701	5,756	5,742	5,842	5,901	5,740	5,763	6,056	5,960
Loose collected (tons)	990	1,061	742	801	891	1,058	917	799	949	865
Water										
Meters Read	55,617	58,533	57,548	56,513	57,886	57,977	58,837	58,574	57,957	56,704
Services Installed	3	6	9	29	10	7	10	19	0	1

Sources: Various city departments.

¹Information presented in thousands.

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

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	750
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	18
Park Acreage	116	116	116	116	116	116	116	116	116	123
Open Space Acreage	n/a'	n/a'	n/a'	n/a'	n/a'	n/a'	n/a'	n/a'	n/a'	361.5
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	9	8	8	8	8
Pickleball Courts	n/a'	n/a'	n/a'	n/a'	n/a'	n/a'	n/a'	n/a'	n/a'	2
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	386	386	386	386	389	389	389	391	392
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.
n/a' Information not available for past ten years.

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