

City of Sterling, Colorado

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended December 31, 2022



STERLING
A Colorado Treasure

Cover Photograph Description

Recently constructed City of Sterling Headworks Treatment Facility. (Provided by Justin Spahn)



City of Sterling, Colorado

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Year Ended December 31, 2022

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, 2022

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INTRODUCTORY SECTION



June 26, 2023

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, 2022, 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 2022 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, Charging Station, 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 2022. Sales tax revenue, which was 53% of the General Fund revenue in 2022, was .49% higher than that collected in 2021. The City's General Fund saw an 3.4% increase in revenues in 2022 compared to 2021.

During 2022 the unemployment rate decreased from the 4.2% in 2021 to the current rate of 2.9%.

The City's Code Enforcement Specialist issued 29 building permits in 2022, which were 22 permits less than issued in 2021. The construction value for 2022 was estimated at approximately \$14.4 million, of which \$12.5 million was for commercial construction.

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

MAJOR INITIATIVES 2022

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 2022 the City continued updating the water distribution infrastructure in the City. The City oversaw the construction of the 2021 Waterline Project by Dream Builders, Inc. which included the replacement of several distribution lines throughout the City of Sterling. The project included 930 lineal foot of 4" waterline, 2,127 lineal foot of 6" waterline, and 1 new fire hydrant.

The City also designed and advertised the 2022 Waterline Replacement Project. This project included 1,900 lineal foot of 8" waterline and 900 lineal foot of 6" Waterline. The contract was awarded to Concrete Specialties and Utilities. Work began in the fall of 2022 and will be completed in the spring of 2023.

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 will be completed in 2023. The Force Main will start work in 2022, with project completion also in 2023. The final portion of the Project is the Wastewater Treatment Facility. The Plant is scheduled to go out for bid in 2023.

New trail construction continues in the Overland Trail Recreation Area and along the Sterling Loop. These new trails are adding access to more city property along the South Platte River and easier access to the local schools.

Safe Routes to Schools are still a priority to the PLR Department. A new agreement over easement rights will make way to continue the project. In addition, the PLR Department continues to help with biking and walking events, in conjunction with the RE-1 Valley School District, each year to promote this trail system.

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 Department is working on the design for 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. The majority of the design work has been completed and we anticipate concurrence from CDOT to advertise the project for bids in the summer of 2023.

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, 2021. This was the thirty-first 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

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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, 2021

Christopher P. Morrell

Executive Director/CEO

**City of Sterling, Colorado
City Council and Senior Management
as of December 31, 2022**

City Council

Mayor	Term expires 2023	Brenda Desormeaux
Council Member Ward 1	Term expires 2025	Albert Delgado
Council Member Ward 1	Term expires 2023	Frank Angel
Council Member Ward 2	Term expires 2025	John Haynie
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

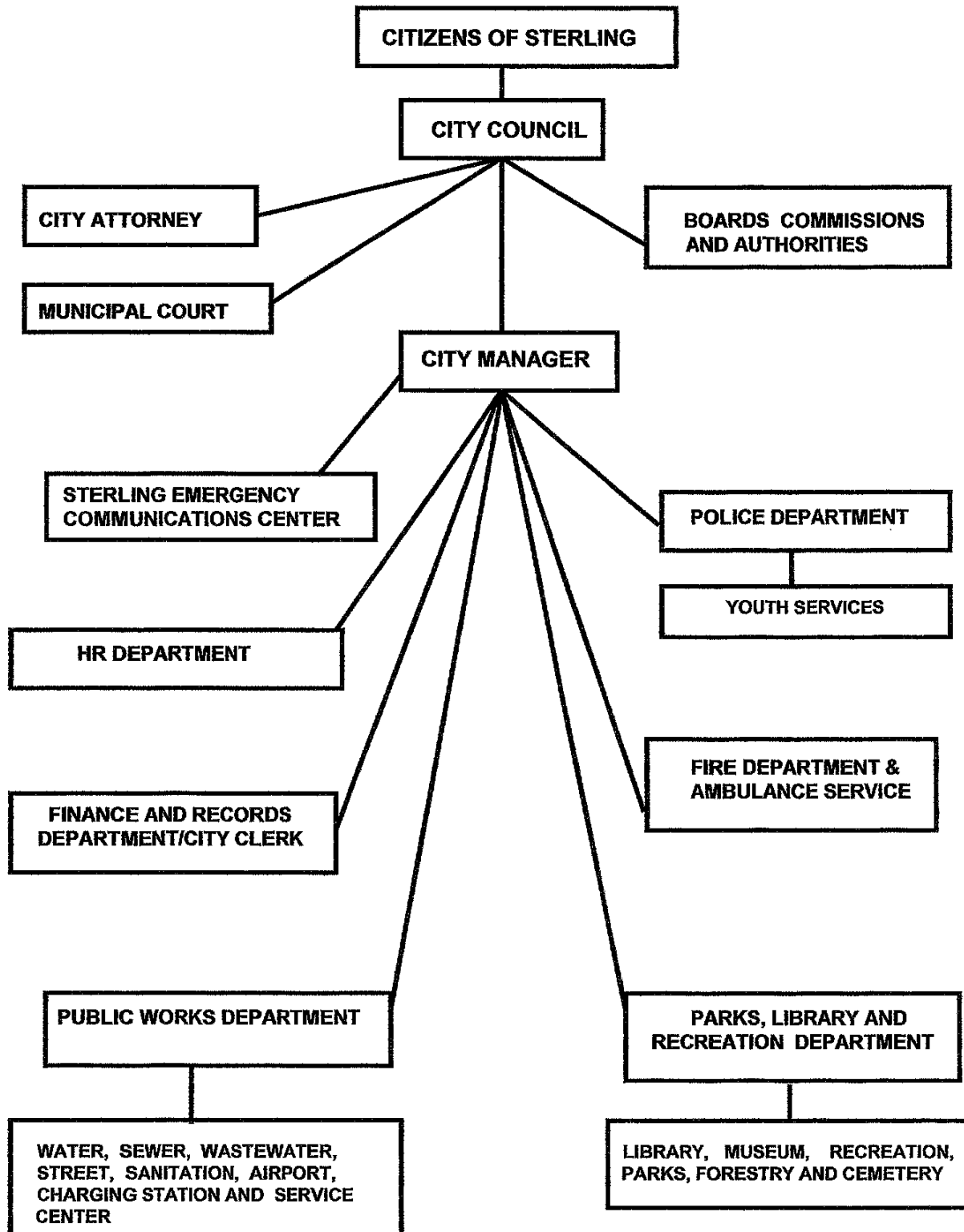
Appointed Officials

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



STERLING

A Colorado Treasure

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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, 2022, 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, 2022, 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
May 30, 2023

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, 2022. 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 \$98 million at the close of 2022.
- The City has \$24 million of unrestricted assets that may be used to meet the City's ongoing obligations to citizens and creditors.

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 42 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 90 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$98 million at the close of 2022.

CITY OF STERLING NET POSITION (in thousands)

	Governmental Activities		Business Type Activities		Total	
	2021	2022	2021	2022	2021	2022
Current and other assets	\$ 13,893	\$ 18,153	\$ 47,736	\$ 38,927	\$ 61,629	\$ 57,080
Land, construction in progress and water rights	2,610	2,371	11,264	22,123	13,874	24,494
Capital assets - Net of Depreciation	32,934	32,613	41,855	41,391	74,789	74,004
Total assets	49,437	53,137	100,855	102,441	150,292	155,578
Pension deferrals	1,310	1,183	-	-	1,310	1,183
Total deferred outflows of resources	1,310	1,183	-	-	1,310	1,183
Total assets and deferred outflows	\$ 50,747	\$ 54,320	\$ 100,855	\$ 102,441	\$ 151,602	\$ 156,761
Long-term debt outstanding	\$ 1,793	\$ 1,854	\$ 50,886	\$ 48,503	\$ 52,679	\$ 50,357
Other liabilities	2,252	4,330	1,684	1,244	3,936	5,574
Total liabilities	4,045	6,184	52,570	49,747	56,615	55,931
Deferred property tax revenues	1,330	1,353	-	-	1,330	1,353
Pension deferrals	702	1,168	-	-	702	1,168
Total deferred inflows of resources	2,032	2,521	-	-	2,032	2,521
Net position:						
Net investment in capital assets	35,354	34,855	35,885	35,694	71,239	70,549
Restricted	2,519	3,716	83	83	2,602	3,799
Unrestricted (deficit)	6,797	7,044	12,317	16,917	19,114	23,961
Total net position	\$ 44,670	\$ 45,615	\$ 48,285	\$ 52,694	\$ 92,955	\$ 98,309
Total liabilities, deferred inflows and net position	\$ 50,747	\$ 54,320	\$ 100,855	\$ 102,441	\$ 151,602	\$ 156,761

The largest portion of the City of Sterling's net position, \$70.5 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 2021 to 2022 are primarily a result of unspent expenditures. 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, \$3.8 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$24 million, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2022, 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

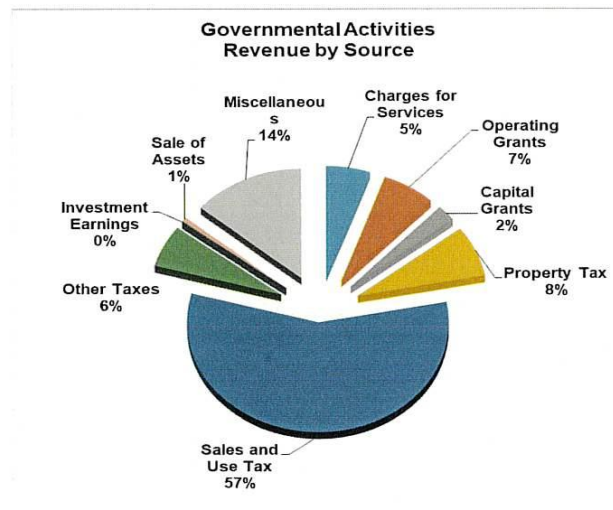
A summary of the City's governmental and business type activities for the period ending December 31, 2022 reflects net position increasing by \$5.4 million. The prior period is also included for comparative purposes.

CITY OF STERLING CHANGES IN NET POSITION						
(In thousands)						
	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Program Revenue:						
Charges for Services	\$ 905	\$ 1,003	\$ 10,805	\$ 11,654	\$ 11,710	\$ 12,657
Operating Grants	1,102	883	-	-	1,102	883
Capital Grants	408	107	14	36	422	143
General Revenues:						
Property Tax	1,247	1,350	-	-	1,247	1,350
Specific Ownership Tax	139	143	-	-	139	143
Sales and Use Tax	9,513	9,688	-	-	9,513	9,688
Franchise Tax	658	773	-	-	658	773
Other Taxes	235	233	-	-	235	233
Unrestricted Earnings on Investments	4	213	7	272	11	485
Sale of assets	110	124	-	-	110	124
Miscellaneous	2,298	2,555	225	102	2,523	2,657
Total Revenues	\$ 16,619	\$ 17,072	\$ 11,051	\$ 12,064	\$ 27,670	\$ 29,136
Program Expenses:						
General Government	\$ 3,364	\$ 3,366	-	-	\$ 3,364	\$ 3,366
Public Safety	5,968	6,160	-	-	5,968	6,160
Public Works	2,601	2,805	-	-	2,601	2,805
Parks, Library, Recreation	3,094	3,790	-	-	3,094	3,790
Interest on Long-term Debt	7	5	-	-	7	5
Water	-	-	4,073	4,271	4,073	4,271
Sanitation	-	-	819	763	819	763
Sewer	-	-	2,665	2,620	2,665	2,620
Total Expenses	\$ 15,034	\$ 16,126	\$ 7,557	\$ 7,654	\$ 22,591	\$ 23,780
Change in Net Position	\$ 1,585	\$ 946	\$ 3,494	\$ 4,410	\$ 5,079	\$ 5,356
Net position beginning of year	43,084	44,669	44,790	48,284	87,874	92,953
Net position at end of year	\$ 44,669	\$ 45,615	\$ 48,284	\$ 52,694	\$ 92,953	\$ 98,309

Governmental activities

Net position of the governmental activities increased by \$945 thousand during 2022.

The sales and use tax revenue increased 17%. Investment earnings had a 31.5% increase for 2022 compared to 2021.

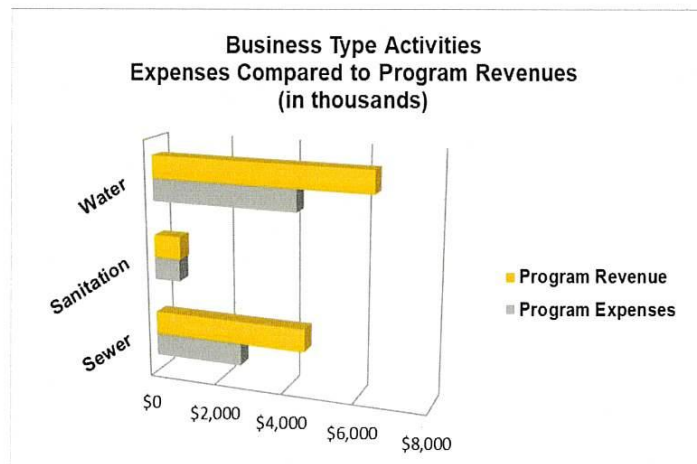


Expenses Compared to the Revenue presents the cost and revenue of each of the City's four largest programs – general government, public safety, public works and parks, library and recreation. The difference between the revenue and expense shows the financial burden that was placed on the City's taxpayers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



Business-type Activities

Net position in Business-type Activities increased by \$4.4 million in 2022. 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 2022, the City of Sterling's General Fund reported an ending fund balance of \$6.7 million, which was an increase of \$716 thousand from January 1, 2022. Of that fund balance, \$6.4 million was unassigned and is available or 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 \$2.2 million.

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

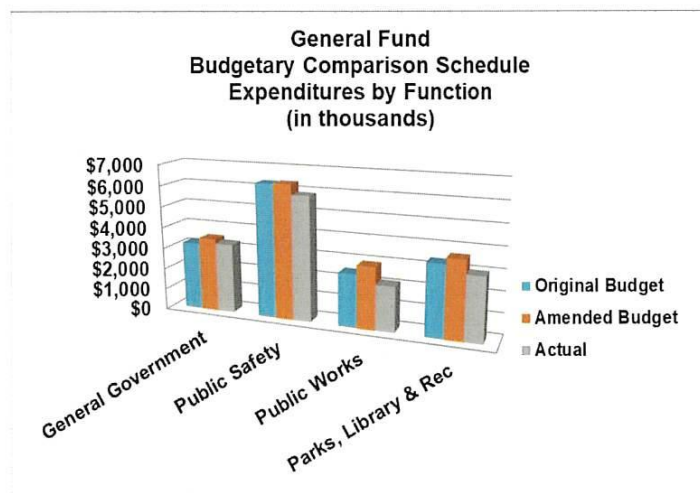
The three Enterprise Funds had a combined increase in net position of \$4.3 million. The Sewer Fund increased by \$2 million, the Sanitation Funds decreased by \$41 thousand, and the Water Fund had an increase of \$2.3 million. The increases in the Water and Sewer Fund were for future loan payments.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of 2022, the City amended the General Fund budget two times. All recommended amendments for budget changes came through the Finance and City Manager's Department, to City Council via Ordinance as required by the City Code. The General Fund original budgeted expenditures were \$17.6 million; and the final budgeted amount was \$18.9 million. The main components of the increase were:

- Grant for body worn cameras - \$34 thousand.
- Cares Grant for Airport - \$43 thousand.
- Carry over from 2021 street programs not completed - \$478 thousand.
- The City's portion of Heritage Park - \$70 thousand.
- Installation of a charging station \$39 thousand.
- Increase of utilities and gas due to the economy \$154 thousand.

In order to consider the additional appropriations, the budgeted revenues were also amended. The original budgeted revenues for the General Fund were \$17.6 million; the final budgeted amount was \$18 million. The majority of the increased revenue was money anticipated to be received for the grants and a portion of the street program that will be reimbursed by the developer.



The variance between actual expenditures and the final budget amounted to \$3.1 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.
- Changes in personnel throughout the year resulted in \$759 thousand unspent budget.
- The street program had \$1.3 million unspent funds for completion in 2023.
- Airport Maintenance Project \$211 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, 2022, amounts to \$98 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 56-58, of the financial statements.

CITY OF STERLING CAPITAL ASSETS ON DECEMBER 31, 2022 (net of depreciation, in thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Land	\$ 2,123	\$ 2,078	\$ 1,270	\$ 1,270	\$ 3,393	\$ 3,348
Construction in Progress	487	293	9,268	20,127	9,755	20,420
Water rights	-	-	726	726	726	726
Buildings	6,366	6,102	1,566	1,470	7,932	7,572
Equipment	4,324	4,381	672	595	4,996	4,976
Improvements	7,432	7,748	39,617	39,326	47,049	47,074
Infrastructure	14,812	14,382	-	-	14,812	14,382
Total	<u>\$ 35,544</u>	<u>\$ 34,984</u>	<u>\$ 53,119</u>	<u>\$ 63,514</u>	<u>\$ 88,663</u>	<u>\$ 98,498</u>

The major capital asset additions during 2022 included:

Governmental Activities:

- Airport Pavement Maintenance Project.

Business Type Activities:

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

Long-term debt. The City had \$49.4 million in debt outstanding at year-end 2022. 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	
	2021	2022	2021	2022	2021	2022
CWRPDA Loan - Water	\$ -	\$ -	\$ 16,856	\$ 15,457	\$ 16,856	\$ 15,457
CWRPDA Loan - Sewer	-	-	32,790	31,862	\$ 32,790	\$ 31,862
Premium on notes - Water	-	-	378	342	\$ 378	\$ 342
Premium on notes - Sewer	-	-	787	760	\$ 787	\$ 760
Fire Truck Lease	190	129	-	-	190	129
Compensated Absences	644	718	75	82	719	800
TOTAL	\$ 834	\$ 847	\$ 50,886	\$ 48,503	\$ 51,720	\$ 49,350

ECONOMIC FACTORS AND THE 2022 BUDGET

In preparing the 2023 Budget, the City took into consideration the current economy. The 2023 adopted expenditure budget was appropriated at \$20 million for the General Fund, which was \$1.1 million more than the final 2022 budget. The adopted revenue budget for 2023 was \$17.8 million, which was \$435 thousand more than the final budget for 2022.

The City is being cautious with its spending in 2023. The budget is being monitored on a monthly basis; the 2023 revenues and expenditures to the same month in 2022.

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, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 536,302	\$ 711,477	\$ 1,247,779
Cash with county treasurer	15,283		15,283
Certificates of deposit		108,981	108,981
Investments	12,820,394	15,950,180	28,770,574
Receivables	2,921,672	1,152,952	4,074,624
Internal balances	45,024	(45,024)	-
Inventory		364,863	364,863
Prepaid items	168,452		168,452
Restricted cash		20,683,261	20,683,261
Net pension asset	1,645,808		1,645,808
Land, construction in progress, water rights	2,370,737	22,123,271	24,494,008
Capital assets, net of depreciation	32,613,080	41,390,985	74,004,065
Total assets	53,136,752	102,440,946	155,577,698
Deferred outflows of resources			
Pension deferrals	1,183,129		1,183,129
Total assets and deferred outflows of resources	\$ 54,319,881	\$ 102,440,946	\$ 156,760,827

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

<u>Component Unit</u>
\$ 5,468,144

5,468,144

<u>\$ 5,468,144</u>

(continued)

CITY OF STERLING, COLORADO
Statement of Net Position
December 31, 2022

(continued)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 555,872	\$ 847,265	\$ 1,403,137
Accrued salaries and benefits	289,721	46,337	336,058
Accrued interest payable	4,827	350,119	354,946
Unearned revenues	3,479,027		3,479,027
Noncurrent liabilities			
Due within one year	103,407	2,369,149	2,472,556
Due in more than one year	743,932	46,133,728	46,877,660
Net pension liability	1,006,715		1,006,715
Total liabilities	6,183,501	49,746,598	55,930,099
Deferred inflows of resources			
Property taxes levied in advance	1,353,466		1,353,466
Pension deferrals	1,168,305		1,168,305
Total deferred inflows of resources	2,521,771	-	2,521,771
Net position			
Net investment in capital assets	34,854,634	35,693,554	70,548,188
Restricted for emergencies	495,000		495,000
Restricted for culture and recreation	1,575,417		1,575,417
Restricted for system improvements		83,526	83,526
Restricted for pensions	1,645,808		1,645,808
Unrestricted	7,043,750	16,917,268	23,961,018
Total net position	45,614,609	52,694,348	98,308,957
Total liabilities, deferred inflows of resources and net position	\$ 54,319,881	\$ 102,440,946	\$ 156,760,827

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

Component
Unit

\$ -

-

5,468,144

5,468,144

\$ 5,468,144

CITY OF STERLING, COLORADO
Statement of Activities
For the Year Ended December 31, 2022

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 3,366,159	\$ 255,975	\$ 75,000	
Public safety	6,160,503	46,063	3,834	
Public works	2,805,478	377,112	574,231	\$ 99,660
Health and welfare	270,460	120,109		
Culture and recreation	3,519,550	203,614	229,653	7,500
Interest on long-term debt	4,827			
Total governmental activities	16,126,977	1,002,873	882,718	107,160
Business-type activities				
Water services	4,270,891	6,371,285		17,880
Sanitation services	762,882	798,830		
Sewer services	2,620,129	4,484,098		18,067
Total business-type activities	7,653,902	11,654,213	-	35,947
Total primary government	<u>\$ 23,780,879</u>	<u>\$ 12,657,086</u>	<u>\$ 882,718</u>	<u>\$ 143,107</u>
Component unit				
Sterling Urban Renewal Authority	<u>\$ 158,646</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
\$ (3,035,184)		\$ (3,035,184)	
(6,110,606)		(6,110,606)	
(1,754,475)		(1,754,475)	
(150,351)		(150,351)	
(3,078,783)		(3,078,783)	
(4,827)		(4,827)	
(14,134,226)	\$ -	(14,134,226)	
	2,118,274	2,118,274	
	35,948	35,948	
	1,882,036	1,882,036	
-	4,036,258	4,036,258	
(14,134,226)	4,036,258	(10,097,968)	
			\$ (158,646)
1,350,352		1,350,352	
143,146		143,146	
9,688,147		9,688,147	
772,901		772,901	
233,249		233,249	643,799
212,572	271,533	484,105	25,178
124,271		124,271	
2,554,937	102,307	2,657,244	
15,079,575	373,840	15,453,415	668,977
945,349	4,410,098	5,355,447	510,331
44,669,260	48,284,250	92,953,510	4,957,813
<u>\$ 45,614,609</u>	<u>\$ 52,694,348</u>	<u>\$ 98,308,957</u>	<u>\$ 5,468,144</u>

CITY OF STERLING, COLORADO
Balance Sheet
Governmental Funds
December 31, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 408,784	\$ 38,563	\$ 447,347
Cash with county treasurer	15,283		15,283
Investments	9,025,089	2,147,941	11,173,030
Property taxes receivable	1,353,466		1,353,466
Other taxes receivable	1,008,193	30,127	1,038,320
Other receivables	389,782	234	390,016
Special assessments receivable	1,090		1,090
Prepaid items	168,452		168,452
Total assets	\$ 12,370,139	\$ 2,216,865	\$ 14,587,004
Liabilities			
Accounts payable	\$ 513,369	\$ 16,900	\$ 530,269
Accrued salaries and benefits	276,516		276,516
Deposits	4,964		4,964
Unearned grant revenue	3,474,063		3,474,063
Total liabilities	4,268,912	16,900	4,285,812
Deferred inflows of resources			
Deferred property tax revenues	1,353,466		1,353,466
Total deferred inflows of resources	1,353,466	-	1,353,466
Fund balance			
Nonspendable - prepaid items	168,452		168,452
Restricted for culture and recreation		1,575,417	1,575,417
Committed to capital improvements		378,647	378,647
Committed to culture and recreation	124,558		124,558
Committed to health and welfare		245,901	245,901
Unassigned	6,454,751		6,454,751
Total fund balance	6,747,761	2,199,965	8,947,726
Total liabilities, deferred inflows of resources and fund balance	\$ 12,370,139	\$ 2,216,865	\$ 14,587,004

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, 2022**

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

Total fund balance - governmental funds	\$ 8,947,726
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	30,268,305
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(696,427)
Pension assets, liabilities and deferrals used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	653,917
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>6,441,088</u>
Net position of the governmental activities	<u><u>\$ 45,614,609</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, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 11,967,096	\$ 220,699	\$ 12,187,795
Licenses and permits	306,774		306,774
Intergovernmental	2,488,193	174,169	2,662,362
Charges for services	243,581	17,716	261,297
Fines and forfeitures	63,387		63,387
Earnings on investments	149,618	35,372	184,990
Miscellaneous	1,223,778	30,090	1,253,868
Total revenues	16,442,427	478,046	16,920,473
Expenditures			
Current			
General government	3,274,260	310	3,274,570
Public safety	6,485,355	59,518	6,544,873
Public works	2,523,673		2,523,673
Health and welfare	259,556	3,520	263,076
Culture and recreation	3,197,329	236,079	3,433,408
Total expenditures	15,740,173	299,427	16,039,600
Excess of revenues over (under) expenditures	702,254	178,619	880,873
Other financing sources (uses)			
Proceeds from the sale of assets		173,479	173,479
Transfers in	14,036		14,036
Transfers out		(14,036)	(14,036)
Total other financing sources (uses)	14,036	159,443	173,479
Net change in fund balance	716,290	338,062	1,054,352
Fund balance at beginning of year	6,031,471	1,861,903	7,893,374
Fund balance at end of year	\$ 6,747,761	\$ 2,199,965	\$ 8,947,726

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, 2022**

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

Net change in fund balances - governmental funds	\$ 1,054,352
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 (\$1,258,449) exceeded capital outlays (\$688,741) in the current period.	(569,708)
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.	400,322
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).	(78,694)
In the statement of activities, the net gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the disposal increases financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed of.	(49,208)
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>188,285</u>
Change in net position of governmental activities	<u>\$ 945,349</u>

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

CITY OF STERLING, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2022

	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Assets			
Current assets			
Cash	\$ 297,485	\$ 218,101	\$ 195,891
Certificates of deposit			108,981
Investments	8,001,993	670,190	7,277,997
Receivables	560,817	89,584	502,551
Inventory	314,343	7,299	43,221
Total current assets	9,174,638	985,174	8,128,641
Noncurrent assets			
Restricted cash with fiscal agent	83,526		20,599,735
Land, construction in progress and water rights	2,234,159	178	19,888,934
Capital assets, net of depreciation	35,691,223	68,119	5,631,643
Total noncurrent assets	38,008,908	68,297	46,120,312
Total assets	<u>\$ 47,183,546</u>	<u>\$ 1,053,471</u>	<u>\$ 54,248,953</u>

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 711,477	\$ 88,955
108,981	
15,950,180	1,647,364
1,152,952	138,780
364,863	
18,288,453	1,875,099
20,683,261	
22,123,271	
41,390,985	4,715,512
84,197,517	4,715,512
<u>\$ 102,485,970</u>	<u>\$ 6,590,611</u>

(continued)

CITY OF STERLING, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2022

(continued)

	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Liabilities			
Current liabilities			
Accounts payable	\$ 126,999	\$ 18,438	\$ 701,828
Accrued salaries and benefits payable	19,780	5,581	20,976
Accrued interest payable	147,787		202,332
Current portion of compensated absences	1,000	2,000	2,000
Current portion of notes payable	1,422,471		941,678
Current portion of financed purchases			
Total current liabilities	1,718,037	26,019	1,868,814
Long-term liabilities			
Accrued compensated absences	39,304	2,274	35,862
Notes payable	14,376,847		31,679,441
Financed purchases			
Total long-term liabilities	14,416,151	2,274	31,715,303
Total liabilities	16,134,188	28,293	33,584,117
Net position			
Net investment in capital assets	22,126,064	68,297	13,499,193
Restricted for system improvements	83,526		
Restricted for emergencies			
Unrestricted	8,839,768	956,881	7,165,643
Total net position	31,049,358	1,025,178	20,664,836
Total liabilities and net position	\$ 47,183,546	\$ 1,053,471	\$ 54,248,953

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

Total	Governmental Activities - Internal Service Funds		
		Total net position - enterprise funds	\$ 52,739,372
\$ 847,265	\$ 25,603	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.	
46,337	13,205		
350,119	4,827		
5,000			
2,364,149			
-	63,407		(45,024)
3,612,870	107,042	Net position of the business-type activities	\$ 52,694,348
77,440	21,729		
46,056,288			
-	65,776		
46,133,728	87,505		
49,746,598	194,547		
35,693,554	4,586,329		
83,526			
-	495,000		
16,962,292	1,314,735		
52,739,372	6,396,064		
\$ 102,485,970	\$ 6,590,611		

CITY OF STERLING, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Operating revenues			
Charges for services	\$ 6,371,285	\$ 798,830	\$ 4,484,098
Total operating revenues	6,371,285	798,830	4,484,098
Operating expenses			
Personnel	673,632	235,733	663,509
Maintenance and supplies	1,904,888	374,314	684,784
Administrative cost allocation	482,822	98,652	222,801
Depreciation and amortization	929,168	60,153	596,314
Claims			
Premiums			
Total operating expenses	3,990,510	768,852	2,167,408
Operating income	2,380,775	29,978	2,316,690
Nonoperating revenues (expenses)			
Earnings on investments	138,022	10,891	122,620
Rents and rights	87,440		
Miscellaneous	14,867		
Insurance proceeds			
Federal and state grants			
Gain (loss) on disposal of assets			
Debt service interest and fiscal charges	(296,282)		(465,475)
Total nonoperating revenues (expenses)	(55,953)	10,891	(342,855)
Income before capital contributions	2,324,822	40,869	1,973,835
Capital contributions	17,880		18,067
Change in net position	2,342,702	40,869	1,991,902
Net position at beginning of year	28,706,656	984,309	18,672,934
Net position at end of year	\$ 31,049,358	\$ 1,025,178	\$ 20,664,836

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>		
<u>\$ 11,654,213</u>	<u>\$ 4,548,224</u>	Net change in net position - proprietary funds	\$ 4,375,473
11,654,213	4,548,224	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.	<u>34,625</u>
1,572,874	429,588	Change in net position of business-type activities	<u>\$ 4,410,098</u>
2,963,986	250,818		
804,275			
1,585,635	524,470		
-	138,250		
-	3,199,291		
<u>6,926,770</u>	<u>4,542,417</u>		
4,727,443	5,807		
271,533	27,582		
87,440			
14,867			
-	146,353		
-	9,650		
-	38,345		
<u>(761,757)</u>	<u>(4,827)</u>		
<u>(387,917)</u>	<u>217,103</u>		
4,339,526	222,910		
35,947			
4,375,473	222,910		
48,363,899	6,173,154		
<u>\$ 52,739,372</u>	<u>\$ 6,396,064</u>		

CITY OF STERLING, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Cash flows from operating activities			
Receipts from customers	\$ 6,363,937	\$ 784,498	\$ 4,421,595
Payments to providers			
Payments to claimants			
Payments to suppliers	(2,538,788)	(547,742)	(1,562,099)
Payments to employees	(491,950)	(159,702)	(461,506)
Net cash provided by operating activities	3,333,199	77,054	2,397,990
Cash flows from noncapital financing activities			
Insurance proceeds			
Miscellaneous receipts	14,867		
Net cash provided by noncapital financing activities	14,867	-	-
Cash flows from capital and related financing activities			
Capital contributions	17,880		18,067
Receipts from rents and rights	87,440		
Proceeds from sale of assets			
Grants			
Purchase of capital assets	(1,372,368)		(10,608,137)
Principal paid on capital debt	(1,399,435)		(928,464)
Interest and fiscal charges paid on capital debt	(376,581)		(497,898)
Net cash used by capital and related financing activities	(3,043,064)	-	(12,016,432)

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 11,570,030	\$ 4,423,900
-	(3,199,291)
-	(142,611)
(4,648,629)	(369,793)
<u>(1,113,158)</u>	<u>(310,727)</u>
5,808,243	401,478
-	146,353
<u>14,867</u>	
14,867	146,353
35,947	
87,440	
-	38,345
-	9,650
(11,980,505)	(583,039)
(2,327,899)	(61,124)
<u>(874,479)</u>	<u>(7,110)</u>
(15,059,496)	(603,278)

(continued)

CITY OF STERLING, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

(continued)	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Cash flows from investing activities			
Proceeds from the sale of investments			
Earnings on investments	743		
Purchase of investments	(305,000)	(95,000)	(3,833,486)
Net cash provided (used) by investing activities	(304,257)	(95,000)	(3,833,486)
Net increase (decrease) in cash and cash equivalents	745	(17,946)	(13,451,928)
Cash and cash equivalents at beginning of year	380,266	236,047	34,247,554
Cash and cash equivalents at end of year	<u>\$ 381,011</u>	<u>\$ 218,101</u>	<u>\$ 20,795,626</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 2,380,775	\$ 29,978	\$ 2,316,690
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	929,168	60,153	596,314
Changes in assets and liabilities			
Receivables	(7,348)	(14,332)	(62,503)
Inventory	(38,219)	(2,080)	2,960
Accounts payable	66,294	3,413	(467,868)
Accrued salaries and benefits payable	2,094	171	5,120
Accrued compensated absences	435	(249)	7,277
Net cash provided by operating activities	<u>\$ 3,333,199</u>	<u>\$ 77,054</u>	<u>\$ 2,397,990</u>
Cash and cash equivalents at end of year consist of:			
Cash	\$ 297,485	\$ 218,101	\$ 195,891
Restricted cash with fiscal agent	83,526		20,599,735
Total	<u>\$ 381,011</u>	<u>\$ 218,101</u>	<u>\$ 20,795,626</u>

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

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
-	282,000
743	
<u>(4,233,486)</u>	<u>(195,000)</u>
<u>(4,232,743)</u>	<u>87,000</u>
(13,469,129)	31,553
<u>34,863,867</u>	<u>57,402</u>
<u>\$ 21,394,738</u>	<u>\$ 88,955</u>
\$ 4,727,443	\$ 5,807
1,585,635	524,470
(84,183)	(124,324)
(37,339)	
(398,161)	(924)
7,385	1,441
<u>7,463</u>	<u>(4,992)</u>
<u>\$ 5,808,243</u>	<u>\$ 401,478</u>
\$ 711,477	\$ 88,955
<u>20,683,261</u>	
<u>\$ 21,394,738</u>	<u>\$ 88,955</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. This fund was closed out during the year.

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.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.

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.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.

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.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.

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

	<u>Restricted Fund Balance</u>	<u>Committed Fund Balance</u>
Culture and recreation – parks	\$ 285,822	\$ -
Culture and recreation – library	33,869	-
Culture and recreation - beautification	1,255,726	-
Capital improvements	-	378,647
Culture and recreation – museum	-	67,590
Culture and recreation – library	-	1,267
Culture and recreation – arts	-	55,701
Health and welfare – cemetery	-	245,901
Totals	<u>\$ 1,575,417</u>	<u>\$ 749,106</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.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note B – Cash and investments (Continued)

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 \$2,343,023, of which \$250,000 were insured and \$2,093,023 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:

- 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, 2022, the City had invested \$28,770,574 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.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note B – Cash and investments (Continued)

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>\$ 28,770,574</u>	<u>\$28,770,574</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.

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	\$ -	\$ 1,152,952	\$ 1,152,952
Property taxes	1,353,466	-	1,353,466
Other taxes	1,008,193	-	1,008,193
Other	558,923	-	558,923
Special assessments	1,090	-	1,090
Total	<u>\$ 2,921,672</u>	<u>\$ 1,152,952</u>	<u>\$ 4,074,624</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	<u>\$ 14,036</u>

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note D - Interfund transactions (Continued)

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The City annually transfers funds from the Other Governmental Funds (Perpetual Care and Sunset Memorial Gardens Funds) to the General Fund to provide support for the maintenance of the cemetery.

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	\$ 2,122,771	\$ -	\$ (45,000)	\$ 2,077,771
Construction in progress	<u>487,288</u>	<u>372,017</u>	<u>(566,338)</u>	<u>292,967</u>
Total capital assets, not being depreciated	2,610,059	372,017	(611,338)	2,370,738
Capital assets, being depreciated:				
Buildings	12,600,675	-	-	12,600,675
Equipment	11,646,886	642,292	(212,416)	12,076,762
Improvements	16,847,291	132,731	555,549	17,535,571
Infrastructure	<u>29,777,200</u>	<u>124,740</u>	<u>-</u>	<u>29,901,940</u>
Total capital assets, being depreciated	<u>70,872,0052</u>	<u>899,763</u>	<u>343,133</u>	<u>72,114,948</u>
Total capital assets	73,482,111	1,271,780	(268,205)	74,485,686
Less accumulated depreciation for:				
Buildings	(6,235,122)	(263,514)	-	(6,498,636)
Equipment	(7,323,340)	(585,328)	212,416	(7,696,252)
Improvements	(9,415,187)	(379,271)	6,581	(9,787,877)
Infrastructure	<u>(14,964,296)</u>	<u>(554,808)</u>	<u>-</u>	<u>(15,519,104)</u>
Total accumulated depreciation	<u>(37,937,945)</u>	<u>(1,782,921)</u>	<u>218,997</u>	<u>(39,501,869)</u>
Governmental activities capital assets, net	<u>\$ 35,544,166</u>	<u>\$ (511,141)</u>	<u>\$ (49,208)</u>	<u>\$ 34,983,817</u>

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note E – Capital assets (Continued)

	<u>Beginning Balance</u>	<u>Addition</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 1,269,839	\$ -	\$ -	\$ 1,269,839
Construction in progress	9,267,892	10,949,160	(90,010)	20,127,042
Water rights	<u>726,387</u>	<u>-</u>	<u>-</u>	<u>726,387</u>
Total capital assets, not being depreciated	11,264,118	10,949,160	(90,010)	22,123,268
Capital assets, being depreciated				
Buildings	6,171,341	-	-	6,171,341
Equipment	3,890,573	72,492	(7,260)	3,955,805
Improvements	<u>65,639,037</u>	<u>958,853</u>	<u>90,010</u>	<u>66,687,900</u>
Total capital assets, being depreciated	<u>75,700,951</u>	<u>1,031,345</u>	<u>82,750</u>	<u>76,815,046</u>
Total capital assets	86,965,069	11,980,505	(7,260)	98,938,314
Less accumulated depreciation for:				
Buildings	(4,605,398)	(95,365)	-	(4,700,763)
Equipment	(3,218,608)	(149,847)	7,260	(3,361,195)
Improvements	<u>(26,021,677)</u>	<u>(1,340,423)</u>	<u>-</u>	<u>(27,362,100)</u>
Total accumulated depreciation	<u>(33,845,683)</u>	<u>(1,585,635)</u>	<u>7,260</u>	<u>(35,424,058)</u>
Business-type activities capital assets, net	<u>\$ 53,119,386</u>	<u>\$ 10,394,870</u>	<u>\$ -</u>	<u>\$ 63,514,256</u>

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

Governmental activities	
General government	\$ 64,462
Public safety	78,261
Public works	714,158
Health and welfare	10,317
Culture and recreation	391,253
In addition, depreciation on capital assets held by the City's internal service funds is charged to the various functions based on the percentage of contribution to the fund.	<u>524,470</u>
Total governmental activities	<u>\$ 1,782,921</u>

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note E – Capital assets (Continued)

Business-type activities

Water	\$ 929,168
Sanitation	60,153
Sewer	<u>596,314</u>

Total business-type activities \$ 1,585,635

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					
Financed purchases	\$ 190,307	\$ -	\$ (61,124)	\$ 129,183	\$ 63,407
Compensated absences	<u>644,454</u>	<u>737,030</u>	<u>(663,328)</u>	<u>718,156</u>	<u>40,000</u>
Total	<u>\$ 834,761</u>	<u>\$ 737,030</u>	<u>\$ (724,452)</u>	<u>\$ 847,339</u>	<u>\$ 103,407</u>

The compensated absences and financed purchases 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	\$ 49,646,371	\$ -	\$ (2,327,900)	\$ 47,318,471	\$ 2,364,149
Premium on notes	1,164,970	-	(63,004)	1,101,966	-
Compensated absences	<u>74,977</u>	<u>103,208</u>	<u>(95,745)</u>	<u>82,440</u>	<u>5,000</u>
Totals	<u>\$ 50,886,318</u>	<u>\$ 103,208</u>	<u>\$ (2,486,649)</u>	<u>\$ 48,502,877</u>	<u>\$ 2,369,149</u>

Financed purchases

Fire truck – The City has entered into an annually renewable financed purchase 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 financed purchase. This agreement, 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.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note F – Long-term debt (Continued)

The agreement contains a provision that, in the event of default, the lessor may (a) provide written notice to the City to terminate the agreement, (b) declare due and payable any and all amounts which may be then due and payable under the agreement, 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 \$1,428,399 (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 201% 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 \$796,771 (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 214% 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>Financed Purchases</u>		<u>Notes from Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 63,407	\$ 4,827	\$ 2,364,149	\$ 840,536
2024	65,776	2,458	2,401,601	807,571
2025	-	-	2,437,579	765,328
2026	-	-	2,475,519	731,539
2027	-	-	2,507,612	690,797
2028-2032	-	-	13,363,652	2,669,104
2033-2037	-	-	5,525,704	1,613,839
2038-2042	-	-	5,769,606	1,367,258
2043-2047	-	-	6,339,118	804,566
2048-2050	-	-	4,133,931	152,046
Totals	<u>\$ 129,183</u>	<u>\$ 7,285</u>	<u>\$47,318,471</u>	<u>\$10,442,584</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 \$676,773. 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	\$ 565,543	\$ 573,716	\$ -	\$ 810,137	\$ (75,812)
SWDB – Fire	518,929	546,630	-	777,604	(67,100)
Volunteer – Fire	13,881	47,959	-	58,067	(43,702)
Old Hire - Fire	<u>84,776</u>	<u>-</u>	<u>1,006,715</u>	<u>-</u>	<u>101,892</u>
Total	<u>\$ 1,183,129</u>	<u>\$ 1,168,305</u>	<u>\$ 1,006,715</u>	<u>\$ 1,645,808</u>	<u>\$ (84,722)</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).

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

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

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. 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 increased 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. In 2021, members of the SWDB plan and their employers are contributing at the rate of 11.5 percent and 8.5 percent, respectively, of pensionable earnings for a total contribution rate of 20.0 percent.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The 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 reflect the actual cost or reentry by department. 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 5.75 percent and 4.25 percent, respectively, of pensionable earnings for a total contribution rate of 10.0 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 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, 2022 were \$113,674.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

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

At December 31, 2022 the City reported an asset of \$810,137 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2022. 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, 2021, the City's proportion was .1495 percent, which was an increase of .0041 percent from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized pension expense of \$(75,812). At December 31, 2022, 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	\$ -	\$ 540,328
Changes in assumptions and other inputs	133,833	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	56,855	14,133
Difference between expected and actual experience	261,181	19,255
Contributions subsequent to measurement date	<u>113,674</u>	<u>-</u>
Totals	<u>\$ 565,543</u>	<u>\$ 573,716</u>

\$113,674 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:

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

<u>Year Ended December 31,</u>	<u>Amount</u>
2023	\$ (53,337)
2024	(116,485)
2025	(54,694)
2026	(6,408)
2027	60,458
2028	38,257
2029	12,132
2030	(1,744)
2031	(26)
Totals	<u>\$ (121,847)</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, 2021. The valuations used the following actuarial assumption and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial valuation date	January 1, 2022	January 1, 2021
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.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions 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, 2021, are summarized in the following table:

<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>	<u>2.32%</u>
Total	<u>100%</u>	

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

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H - Pension plans (Continued)

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 1.84 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

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

	1% Decrease (6.00%)	Current Discount (7.00)	1% Increase (8.00)
Proportionate share of the net pension liability (asset)	\$ (111,723)	\$ (810,137)	\$ (1,388,734)

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

Payables to the pension plan

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

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

Statewide Defined Benefit Plan - Fire

Summary of significant accounting policies

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

General information about the pension plan

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

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

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

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

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. 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 increased 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. In 2021, members of the SWDB plan and their employers are contributing at the rate of 11.5 percent and 8.5 percent, respectively, of pensionable earnings for a total contribution rate of 20.0 percent.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The 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 reflect the actual cost or reentry by department. 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 5.75 percent and 4.25 percent, respectively, of pensionable earnings for a total contribution rate of 10.0 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 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, 2022 were \$112,566.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

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

At December 31, 2022 the City reported an asset of \$777,604 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2022. 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, 2021, the City's proportion was .1435 percent, which was an increase of .0103 percent from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized pension expense of \$(67,100). At December 31, 2022, 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	\$ -	\$ 500,784
Changes in assumptions and other inputs	121,909	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	49,273	27,537
Difference between expected and actual experience	235,181	18,309
Contributions subsequent to measurement date	<u>112,566</u>	<u>-</u>
Totals	<u>\$ 518,929</u>	<u>\$ 546,630</u>

\$112,566 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:

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

<u>Year Ended December 31, _____</u>	<u>Amount</u>
2023	\$ (50,832)
2024	(109,231)
2025	(56,543)
2026	(11,905)
2027	52,936
2028	32,310
2029	7,295
2030	(4,258)
2031	(39)
Totals	<u>\$ (140,267)</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, 2021. The valuations used the following actuarial assumption and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial valuation date	January 1, 2022	January 1, 2021
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.

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions 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, 2021, are summarized in the following table:

<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>	<u>2.32%</u>
Total	<u>100%</u>	

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

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 1.84 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

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

	1% Decrease (6.00%)	Current Discount (7.00)	1% Increase (8.00)
Proportionate share of the net pension liability (asset)	\$ (107,236)	\$ (777,604)	\$ (1,332,967)

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

Payables to the pension plan

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

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H - Pension plans (Continued)

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.

Plan membership. At December 31, 2021, 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>18</u>

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

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, 2022 included \$12,493 from the State of Colorado matching funds and \$13,881 from the City.

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

At December 31, 2022 the City reported a net pension asset of \$58,067. The net pension asset was measured as of December 31, 2021, 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, 2022, the City recognized pension expense of \$(43,702). At December 31, 2022, 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	\$ -	\$ 47,959
Contributions subsequent to measurement date	<u>13,881</u>	<u>-</u>
Totals	<u>\$ 13,881</u>	<u>\$ 47,959</u>

\$13,881 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:

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H - Pension plans (Continued)

<u>Year Ended December 31, _____</u>	<u>Amount</u>
2023	\$ (11,348)
2024	(17,623)
2025	(11,912)
2026	<u>(7,076)</u>
Totals	<u>\$ (47,959)</u>

Actuarial assumptions. The total pension liability in the January 1, 2021 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.

* 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, 2021, 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%	4.00%
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	26.00%	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.

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).

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

For purposes of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.84% (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

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balances at beginning of year	\$ 470,850	\$ 463,060	\$ 7,790
Changes for the year			
Service cost	-	-	-
Interest on total pension liability	31,603	-	31,603
Benefit changes	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – employer	-	13,404	(13,404)
Contributions – state of Colorado	-	21,728	(21,728)
Net investment income	-	67,477	(67,477)
Benefit and refund payments	(39,420)	(39,420)	-
Administrative expenses	-	(5,149)	5,149
Net changes	<u>(7,817)</u>	<u>58,040</u>	<u>(65,857)</u>
Balances at end of year	<u>\$ 463,033</u>	<u>\$ 521,100</u>	<u>\$ (58,067)</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:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00)</u>	<u>(8.00)</u>
Net pension liability (asset)	<u>\$ (9,995)</u>	<u>\$ (58,067)</u>	<u>\$ (98,419)</u>

CITY OF STERLING, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

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, 2021, 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, 2022 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, 2022 the City reported a net pension liability of \$1,006,715. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022.

For the year ended December 31, 2022, the City recognized pension expense of \$101,892. At December 31, 2022, 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	\$ 9,296	\$ -
Contributions subsequent to measurement date	<u>75,480</u>	<u>-</u>
Totals	<u>\$ 84,776</u>	<u>\$ -</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>
2023	\$ 6,259
2024	(3,961)
2025	1,585
2026	<u>5,413</u>
Totals	<u>\$ 9,296</u>

Actuarial assumptions. The total pension liability in the January 1, 2022 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	N/A
Remaining amortization period	N/A
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, 2021, 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	0.0%	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 1.84% (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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at beginning of year	\$ 1,624,585	\$ 673,772	\$ 950,813
Changes for the year			
Service cost	-	-	-
Interest on the total pension liability	70,417	-	70,417
Benefit changes	-	-	-
Differences between expected and actual experience	61,723	-	61,723
Changes of assumptions	-	-	-
Contributions – employer	-	75,480	(75,480)
Net investment income	-	2,203	(2,203)
Benefit payments	(120,869)	(120,869)	-
Administrative expenses	-	(1,445)	1,445
Net changes	11,271	(44,631)	55,902
Balances at end of year	<u>\$ 1,635,856</u>	<u>\$ 629,141</u>	<u>\$ 1,006,715</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	\$ 1,161,975	\$ 1,006,715	\$ 872,962

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 \$235,737.

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	\$ 17,644,265	\$ 18,884,499	\$ 15,740,173	\$ 3,144,326
Water Fund	6,942,872	7,179,332	6,129,427	1,049,905
Sanitation Fund	1,093,005	1,117,005	708,699	408,306
Sewer Fund	19,144,503	35,039,501	13,573,170	21,466,331
Hotel Tax Fund	3,150	348,517	72,968	275,549
Sunset Memorial Gardens Fund	18,050	18,050	9,990	8,060
Perpetual Care Fund	23,348	27,348	7,566	19,782
Conservation Trust Fund	71,000	221,117	163,061	58,056
Karl Falch Library Trust Fund	350	350	50	300
Old Hire Police Pension Fund	61,198	61,198	59,518	1,680
Employee Benefits Fund	2,955,496	2,955,496	2,514,748	440,748
Service Center Fund	826,900	865,677	649,846	215,831
Risk Management Fund	709,209	856,209	827,754	28,455
Capital Replacement Fund	897,908	958,290	674,589	283,701
Capital Improvement Fund	310	536,538	310	536,228
Total	<u>\$ 50,391,564</u>	<u>\$ 69,069,127</u>	<u>\$ 41,131,869</u>	<u>\$ 27,937,258</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 \$495,000 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, 2022**

	2022	2021	2020	2019
City's proportion of the net pension liability/(asset)	0.1495%	0.1454%	0.1627%	0.1683%
City's proportionate share of the net pension liability/(asset)	\$ (810,137)	\$ (315,673)	\$ (92,002)	\$ 212,804
City's covered payroll	\$ 1,203,415	\$ 1,171,417	\$ 1,206,480	\$ 1,085,459
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	67.3%	26.9%	7.6%	-19.6%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	116.20%	106.70%	101.90%	95.20%

* 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	2014
0.1725%	0.1967%	0.2072%	0.2076%	0.2069%
\$ (248,235)	\$ 71,075	\$ (3,652)	\$ (234,301)	\$ (185,025)
\$ 1,009,287	\$ 1,006,672	\$ 1,004,303	\$ 933,615	\$ 898,738
24.6%	7.1%	0.4%	25.1%	20.6%
106.30%	98.21%	100.10%	106.80%	105.80%

CITY OF STERLING, COLORADO
Schedule of City Contributions
Fire & Police Statewide Defined Benefit Plan - Police
December 31, 2022

	2022	2021	2020	2019
Contractually required contribution	\$ 113,674	\$ 102,291	\$ 93,432	\$ 95,916
Contributions in relation to the contractually required contribution	(113,674)	(102,291)	(93,432)	(95,916)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,269,271	\$ 1,203,415	\$ 1,171,417	\$ 1,206,480
Contributions as a percentage of covered payroll	8.96%	8.50%	7.98%	7.95%

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 86,836	\$ 80,742	\$ 80,534	\$ 80,345	\$ 74,689	\$ 71,899
<u>(86,836)</u>	<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>	<u>\$ -</u>
\$ 1,085,459	\$ 1,009,287	\$ 1,006,672	\$ 1,004,303	\$ 933,615	\$ 898,738
8.00%	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, 2022**

	2022	2021	2020	2019
City's proportion of the net pension liability/(asset)	0.1435%	0.1332%	0.1395%	0.1557%
City's proportionate share of the net pension liability/(asset)	\$ (777,604)	\$ (289,113)	\$ (78,891)	\$ 196,874
City's covered payroll	\$ 1,163,194	\$ 1,097,720	\$ 1,051,848	\$ 1,006,405
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-66.9%	-26.3%	-7.5%	19.6%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	116.20%	106.70%	101.90%	95.20%

* 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	2014
0.1589%	0.1731%	0.1723%	0.1713%	0.1783%
\$ (228,623)	\$ 62,539	\$ (3,037)	\$ (193,370)	\$ (159,423)
\$ 929,538	\$ 885,777	\$ 835,267	\$ 770,525	\$ 774,375
24.6%	7.1%	0.4%	25.1%	20.6%
106.30%	98.21%	100.10%	106.80%	105.80%

CITY OF STERLING, COLORADO
Schedule of City Contributions
Fire & Police Statewide Defined Benefit Plan - Fire
December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 112,566	\$ 98,184	\$ 85,575	\$ 82,248
Contributions in relation to the contractually required contribution	<u>(112,566)</u>	<u>(98,184)</u>	<u>(85,575)</u>	<u>(82,248)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,304,019	\$ 1,163,194	\$ 1,097,720	\$ 1,051,848
Contributions as a percentage of covered payroll	8.63%	8.44%	7.80%	7.82%

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 80,511	\$ 74,363	\$ 70,863	\$ 66,821	\$ 61,642	\$ 61,950
<u>(80,511)</u>	<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>	<u>\$ -</u>
\$ 1,006,405	\$ 929,538	\$ 885,777	\$ 835,267	\$ 770,525	\$ 774,375
8.00%	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

	2022	2021	2020
Total pension liability			
Service cost	\$ -	\$ 1,524	\$ 1,524
Interest on the total pension liability	31,603	33,791	34,123
Benefit changes	-	-	-
Differences between expected and actual experience	-	(26,350)	-
Changes of assumptions	-	-	-
Benefit payments	(39,420)	(39,523)	(41,220)
Net change in total pension liability	(7,817)	(30,558)	(5,573)
Total pension liability - beginning	470,850	501,408	506,981
Total pension liability - ending (a)	<u>\$ 463,033</u>	<u>\$ 470,850</u>	<u>\$ 501,408</u>
Plan fiduciary net position			
Contributions - employer	\$ 13,404	\$ 13,404	\$ 10,738
Net investment income	67,477	53,904	56,262
Benefit payments	(39,420)	(39,523)	(41,220)
Pension plan administrative expenses	(5,149)	(4,708)	(5,765)
State of Colorado supplemental discretionary payment	21,728	-	12,493
Net change in plan fiduciary net position	58,040	23,077	32,508
Plan fiduciary net position - beginning	463,060	439,983	407,475
Plan fiduciary net position - ending (b)	<u>\$ 521,100</u>	<u>\$ 463,060</u>	<u>\$ 439,983</u>
City's net pension liability/(asset) - ending (a) - (b)	<u>\$ (58,067)</u>	<u>\$ 7,790</u>	<u>\$ 61,425</u>
Plan fiduciary net position as a percentage of the total pension liability	112.54%	98.35%	87.75%
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.

2019	2018	2017	2016	2015
\$ 2,822	\$ 2,822	\$ 5,046	\$ 5,046	\$ 5,331
35,229	35,503	36,043	36,448	36,897
-	-	-	-	-
(38)	-	(14,390)	-	245
21,620	-	11,855	-	-
(41,220)	(42,720)	(46,520)	(47,270)	(49,320)
18,413	(4,395)	(7,966)	(5,776)	(6,847)
488,568	492,963	500,929	506,705	513,552
<u>\$ 506,981</u>	<u>\$ 488,568</u>	<u>\$ 492,963</u>	<u>\$ 500,929</u>	<u>\$ 506,705</u>
\$ 13,881	\$ 13,881	\$ 13,881	\$ 16,696	\$ 12,501
(23)	55,262	19,972	7,273	26,155
(41,220)	(42,720)	(46,520)	(47,270)	(49,320)
(5,593)	(6,175)	(877)	(2,992)	(987)
12,493	12,493	15,026	11,251	11,251
(20,462)	32,741	1,482	(15,042)	(400)
427,937	395,196	393,714	408,756	409,156
<u>\$ 407,475</u>	<u>\$ 427,937</u>	<u>\$ 395,196</u>	<u>\$ 393,714</u>	<u>\$ 408,756</u>
<u>\$ 99,506</u>	<u>\$ 60,631</u>	<u>\$ 97,767</u>	<u>\$ 107,215</u>	<u>\$ 97,949</u>
80.37%	87.59%	80.17%	78.60%	80.67%
N/A	N/A	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)
2022	\$ 13,881	\$ 26,374	\$ (12,493)	N/A	N/A
2021	13,404	35,132	(21,728)	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

	2022	2021	2020
Total pension liability			
Service cost	\$ -	\$ -	\$ -
Interest on the total pension liability	70,417	72,513	96,274
Benefit changes	-	-	-
Differences between expected and actual experience	61,723	-	(18,715)
Changes of assumptions	-	-	368,843
Benefit payments	(120,869)	(117,348)	(119,114)
Net change in total pension liability	11,271	(44,835)	327,288
Total pension liability - beginning	1,624,585	1,669,420	1,342,132
Total pension liability - ending (a)	<u>\$ 1,635,856</u>	<u>\$ 1,624,585</u>	<u>\$ 1,669,420</u>
Plan fiduciary net position			
Contributions - employer	\$ 75,480	\$ 75,480	\$ 75,480
Contributions - employee	-	-	-
Net investment income	2,203	48,318	74,150
Benefit payments	(120,869)	(117,348)	(119,114)
Pension plan administrative expenses	(1,445)	(2,723)	(1,794)
Net change in plan fiduciary net position	(44,631)	3,727	28,722
Plan fiduciary net position - beginning	673,772	670,045	641,323
Plan fiduciary net position - ending (b)	<u>\$ 629,141</u>	<u>\$ 673,772</u>	<u>\$ 670,045</u>
City's net pension liability/(asset) - ending (a) - (b)	<u>\$ 1,006,715</u>	<u>\$ 950,813</u>	<u>\$ 999,375</u>
Plan fiduciary net position as a percentage of the total pension liability	38.46%	41.47%	40.14%
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.

2019	2018	2017	2016	2015
\$ -	\$ -	\$ -	\$ -	\$ -
97,872	96,318	97,555	90,203	91,410
-	-	-	-	-
-	41,871	-	37,048	-
-	-	-	81,512	-
(119,240)	(115,767)	(112,395)	(109,122)	(105,943)
(21,368)	22,422	(14,840)	99,641	(14,533)
1,363,500	1,341,078	1,355,918	1,256,277	1,270,810
<u>\$ 1,342,132</u>	<u>\$ 1,363,500</u>	<u>\$ 1,341,078</u>	<u>\$ 1,355,918</u>	<u>\$ 1,256,277</u>
\$ 64,508	\$ 64,508	\$ 50,937	\$ 50,937	\$ 50,937
-	-	-	-	-
(720)	91,074	34,135	13,088	47,348
(119,240)	(115,767)	(112,395)	(109,122)	(105,943)
(3,616)	(1,253)	(2,915)	(1,360)	(3,978)
(59,068)	38,562	(30,238)	(46,457)	(11,636)
700,391	661,829	692,067	738,524	750,160
<u>\$ 641,323</u>	<u>\$ 700,391</u>	<u>\$ 661,829</u>	<u>\$ 692,067</u>	<u>\$ 738,524</u>
<u>\$ 700,809</u>	<u>\$ 663,109</u>	<u>\$ 679,249</u>	<u>\$ 663,851</u>	<u>\$ 517,753</u>
47.78%	51.37%	49.35%	51.04%	58.79%
N/A	N/A	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

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)
2022	\$ 75,480	\$ 75,480	\$ -	N/A	N/A
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, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes	\$ 11,770,041	\$ 11,770,041	\$ 11,967,096	\$ 197,055
Licenses and permits	200,940	200,940	306,774	105,834
Intergovernmental	4,250,081	4,333,890	2,488,193	(1,845,697)
Charges for services	260,600	260,600	243,581	(17,019)
Fines and forfeitures	67,500	67,500	63,387	(4,113)
Earnings on investments	2,500	2,500	149,618	147,118
Miscellaneous	1,088,471	1,341,806	1,223,778	(118,028)
Total revenues	17,640,133	17,977,277	16,442,427	(1,534,850)
Expenditures				
Current				
General government	3,337,779	3,454,994	3,274,260	180,734
Public safety	7,013,234	7,107,304	6,485,355	621,949
Public works	3,589,903	4,321,416	2,523,673	1,797,743
Health and welfare	271,565	282,815	259,556	23,259
Culture and recreation	3,431,784	3,717,970	3,197,329	520,641
Total expenditures	17,644,265	18,884,499	15,740,173	3,144,326
Excess of revenues over (under) expenditures	(4,132)	(907,222)	702,254	1,609,476
Other financing sources				
Transfers in	17,600	17,600	14,036	(3,564)
Total other financing sources	17,600	17,600	14,036	(3,564)
Net change in fund balance	\$ 13,468	\$ (889,622)	716,290	\$ 1,605,912
Fund balance at beginning of year			6,031,471	
Fund balance at end of year			\$ 6,747,761	

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, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Taxes				
General property	\$ 1,321,681	\$ 1,321,681	\$ 1,350,352	\$ 28,671
Specific ownership	150,000	150,000	143,146	(6,854)
General sales and use	9,655,210	9,655,210	9,688,147	32,937
Franchise	630,000	630,000	772,901	142,901
Employee occupation	13,150	13,150	12,550	(600)
Total taxes	11,770,041	11,770,041	11,967,096	197,055
Licenses and permits				
Business	27,000	27,000	27,911	911
Non-business	173,940	173,940	278,863	104,923
Total licenses and permits	200,940	200,940	306,774	105,834
Intergovernmental				
Federal and state grants	2,109,562	2,193,371	227,527	(1,965,844)
State shared revenue	488,253	488,253	562,010	73,757
Road and bridge	100,000	100,000	155,384	55,384
Special districts	1,552,266	1,552,266	1,543,272	(8,994)
Total intergovernmental	4,250,081	4,333,890	2,488,193	(1,845,697)
Charges for services				
General government	4,600	4,600	4,784	184
Public safety	5,850	5,850	5,512	(338)
Highways and streets	21,100	21,100	13,874	(7,226)
Health	1,050	1,050	500	(550)
Cemeteries	30,000	30,000	26,010	(3,990)
Culture and recreation	184,400	184,400	176,505	(7,895)
Museum fees	13,600	13,600	16,396	2,796
Total charges for services	260,600	260,600	243,581	(17,019)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Fines and forfeitures				
Court	62,500	62,500	57,043	(5,457)
Library	5,000	5,000	6,344	1,344
Total fines and forfeitures	67,500	67,500	63,387	(4,113)
Earnings on investments	2,500	2,500	149,618	147,118
Miscellaneous				
Rents	56,496	56,496	66,024	9,528
Fuel sales	196,000	301,000	271,517	(29,483)
Contributions		3,101	6,450	3,349
Refunds of expenditures			2,063	2,063
Administrative cost reimbursement	804,275	804,275	804,275	-
Miscellaneous	31,700	176,934	73,449	(103,485)
Total miscellaneous	1,088,471	1,341,806	1,223,778	(118,028)
Total revenues	<u>\$ 17,640,133</u>	<u>\$ 17,977,277</u>	<u>\$ 16,442,427</u>	<u>\$ (1,534,850)</u>

CITY OF STERLING, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
General government				
City council	\$ 71,538	\$ 71,538	\$ 41,710	\$ 29,828
City manager	390,772	390,772	375,409	15,363
City attorney	282,043	282,043	240,520	41,523
Municipal court	119,858	120,858	124,613	(3,755)
Finance department	679,795	699,010	636,759	62,251
City hall and non-departmental	1,496,986	1,591,486	1,583,671	7,815
Personnel	296,787	299,287	271,578	27,709
Total general government	3,337,779	3,454,994	3,274,260	180,734
Public safety				
Police department	2,977,065	3,040,114	2,658,745	381,369
Dispatch center	1,164,127	1,169,627	1,043,020	126,607
Youth services	126,271	126,271	62,223	64,048
Fire department	1,993,603	2,013,590	1,980,527	33,063
Ambulance services	752,168	757,702	740,840	16,862
Total public safety	7,013,234	7,107,304	6,485,355	621,949
Public works				
Street division	2,309,077	2,869,481	1,411,900	1,457,581
Administration	533,121	534,621	530,817	3,804
Charging station		42,109	31,287	10,822
Airport	747,705	875,205	549,669	325,536
Total public works	3,589,903	4,321,416	2,523,673	1,797,743
Health and welfare				
Cemetery	271,565	282,815	259,556	23,259
Culture and recreation				
Museum	430,453	500,268	405,596	94,672
Parks	571,796	585,196	534,338	50,858
Recreation center	881,879	971,472	829,169	142,303
Forestry	364,601	367,801	357,529	10,272
Recreation division	466,400	528,351	411,997	116,354
Library	716,655	764,882	658,700	106,182
Total culture and recreation	3,431,784	3,717,970	3,197,329	520,641
Total expenditures	\$ 17,644,265	\$ 18,884,499	\$ 15,740,173	\$ 3,144,326

**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. This fund was closed out during the year.

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, 2022

	Special Revenue Funds		
	Conservation Trust Fund	Perpetual Care Fund	Karl Falch Library Fund
Assets			
Cash	\$ 1	\$ 736	\$ 331
Investments	285,821	242,461	33,538
Receivables			
Total assets	<u>\$ 285,822</u>	<u>\$ 243,197</u>	<u>\$ 33,869</u>
Liabilities and fund balance			
Liabilities			
Accounts payable			
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance			
Restricted for culture and recreation	285,822		33,869
Committed to capital improvements		243,197	
Committed to health and welfare			
Total fund balance	<u>285,822</u>	<u>243,197</u>	<u>33,869</u>
Total liabilities and fund balance	<u>\$ 285,822</u>	<u>\$ 243,197</u>	<u>\$ 33,869</u>

Special Revenue Funds		Capital Projects Fund	
Hotel Tax Fund	Sunset Memorial Gardens Fund	Capital Improvement Fund	Total
\$ 20,950	\$ 2,700	\$ 13,845	\$ 38,563
1,221,549	4	364,568	2,147,941
30,127		234	30,361
<u>\$ 1,272,626</u>	<u>\$ 2,704</u>	<u>\$ 378,647</u>	<u>\$ 2,216,865</u>
\$ 16,900			\$ 16,900
16,900	\$ -	\$ -	16,900
1,255,726			1,575,417
		378,647	378,647
	2,704		245,901
<u>1,255,726</u>	<u>2,704</u>	<u>378,647</u>	<u>2,199,965</u>
<u>\$ 1,272,626</u>	<u>\$ 2,704</u>	<u>\$ 378,647</u>	<u>\$ 2,216,865</u>

CITY OF STERLING, COLORADO**Nonmajor Governmental Funds****Combining Statement of Revenues, Expenditures and Changes in Fund Balance****For the Year Ended December 31, 2022**

	Special Revenue Funds		
	Conservation Trust Fund	Perpetual Care Fund	Karl Falch Library Fund
Revenues			
Taxes			
Intergovernmental revenue	\$ 174,169		
Earnings on investments	4,431	\$ 4,146	\$ 577
Charges for services			
Miscellaneous		11,800	
Total revenues	178,600	15,946	577
Expenditures			
Current			
General government			
Public safety			
Health and welfare		3,420	
Culture and recreation	163,061		50
Total expenditures	163,061	3,420	50
Excess of revenues over (under) expenditures	15,539	12,526	527
Other financing sources (uses)			
Proceeds from the sale of assets			
Transfers out		(4,146)	
Total other financing sources (uses)	-	(4,146)	-
Net change in fund balance	15,539	8,380	527
Fund balance at beginning of year	270,283	234,817	33,342
Fund balance at end of year	\$ 285,822	\$ 243,197	\$ 33,869

Special Revenue Funds			Capital Projects Fund	
Hotel Tax Fund	Sunset Memorial Gardens Fund	Old Hire Police Pension Fund	Capital Improvement Fund	Total
\$ 220,699				\$ 220,699
19,840		\$ 39	\$ 6,339	174,169
7,500	\$ 10,790		17,716	35,372
248,039	10,790	39	24,055	17,716
				30,090
				478,046
			310	310
		59,518		59,518
	100			3,520
72,968				236,079
72,968	100	59,518	310	299,427
175,071	10,690	(59,479)	23,745	178,619
			173,479	173,479
	(9,890)			(14,036)
-	(9,890)	-	173,479	159,443
175,071	800	(59,479)	197,224	338,062
1,080,655	1,904	59,479	181,423	1,861,903
\$ 1,255,726	\$ 2,704	\$ -	\$ 378,647	\$ 2,199,965

CITY OF STERLING, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Intergovernmental revenue	\$ 175,000	\$ 175,000	\$ 174,169	\$ (831)
Earnings on investments	150	150	4,431	4,281
Total revenues	175,150	175,150	178,600	3,450
Expenditures				
Current				
Culture and recreation	71,000	221,117	163,061	58,056
Total expenditures	71,000	221,117	163,061	58,056
Net change in fund balance	\$ 104,150	\$ (45,967)	15,539	\$ 61,506
Fund balance at beginning of year			270,283	
Fund balance at end of year			\$ 285,822	

CITY OF STERLING, COLORADO
Perpetual Care Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Earnings on investments	\$ 150	\$ 150	\$ 4,146	\$ 3,996
Miscellaneous	18,000	18,000	11,800	(6,200)
Total revenues	18,150	18,150	15,946	(2,204)
Expenditures				
Current				
Health and welfare	23,198	27,198	3,420	23,778
Total expenditures	23,198	27,198	3,420	23,778
Excess of revenues over (under) expenditures	(5,048)	(9,048)	12,526	21,574
Other financing uses				
Transfers out	(150)	(150)	(4,146)	(3,996)
Net change in fund balance	\$ (5,198)	\$ (9,198)	8,380	\$ 17,578
Fund balance at beginning of year			234,817	
Fund balance at end of year			\$ 243,197	

CITY OF STERLING, COLORADO
Karl Falch Library Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 50	\$ 50	\$ 577	\$ 527
Total revenues	50	50	577	527
Expenditures				
Current				
Culture and recreation	350	350	50	300
Total expenditures	350	350	50	300
Net change in fund balance	\$ (300)	\$ (300)	527	\$ 827
Fund balance at beginning of year			33,342	
Fund balance at end of year			\$ 33,869	

CITY OF STERLING, COLORADO
Hotel Tax Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Hotel lodging tax	\$ 150,000	\$ 150,000	\$ 220,699	\$ 70,699
Miscellaneous		50,000	7,500	(42,500)
Earnings on investments	800	800	19,840	19,040
Total revenues	150,800	200,800	248,039	47,239
Expenditures				
Current				
Culture and recreation	3,150	348,517	72,968	275,549
Total expenditures	3,150	348,517	72,968	275,549
Net change in fund balance	\$ 147,650	\$ (147,717)	175,071	\$ (228,310)
Fund balance at beginning of year			1,080,655	
Fund balance at end of year			\$ 1,255,726	

CITY OF STERLING, COLORADO
Sunset Memorial Gardens Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Miscellaneous	\$ 20,950	\$ 20,950	\$ 10,790	\$ (10,160)
Earnings on investments	20	20		(20)
Total revenues	20,970	20,970	10,790	(10,180)
Expenditures				
Current				
Health and welfare	600	600	100	500
Total expenditures	600	600	100	500
Excess of revenues over (under) expenditures	20,370	20,370	10,690	(10,680)
Other financing uses				
Transfers out	(17,450)	(17,450)	(9,890)	7,560
Net change in fund balance	\$ 2,920	\$ 2,920	800	\$ (3,120)
Fund balance at beginning of year			1,904	
Fund balance at end of year			\$ 2,704	

CITY OF STERLING, COLORADO
Old Hire Police Pension Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Earnings on investments	\$ 50	\$ 50	\$ 39	\$ (11)
Total revenues	50	50	39	(11)
Expenditures				
Current				
Public safety	61,198	61,198	59,518	1,680
Total expenditures	61,198	61,198	59,518	1,680
Net change in fund balance	<u>\$ (61,148)</u>	<u>\$ (61,148)</u>	(59,479)	<u>\$ 1,669</u>
Fund balance at beginning of year			59,479	
Fund balance at end of year			<u>\$ -</u>	

CITY OF STERLING, COLORADO
Capital Improvement Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Earnings on investments	\$ 100	\$ 100	\$ 6,339	\$ 6,239
Rents	19,812	19,812	17,716	(2,096)
Grants		428,982		(428,982)
Total revenues	19,912	448,894	24,055	(424,839)
Expenditures				
Current				
General government	310	536,538	310	536,228
Total expenditures	310	536,538	310	536,228
Excess of revenues over (under) expenditures	19,602	(87,644)	23,745	111,389
Other financing sources				
Transfers in		107,246		(107,246)
Proceeds from the sale of assets	175,000	175,000	173,479	(1,521)
Total other financing sources	175,000	282,246	173,479	(108,767)
Net change in fund balance	\$ 194,602	\$ 194,602	197,224	\$ 2,622
Fund balance at beginning of year			181,423	
Fund balance at end of year			\$ 378,647	

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, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	\$ 6,347,390	\$ 6,347,390	\$ 6,371,285	\$ 23,895
Total operating revenues	6,347,390	6,347,390	6,371,285	23,895
Operating expenses				
Personnel	804,799	804,799	673,632	131,167
Maintenance and supplies	2,414,018	2,564,825	1,904,888	659,937
Administrative cost allocation	482,822	482,822	482,822	-
Capital purchases	1,380,085	1,465,738	1,372,368	93,370
Total operating expenses	5,081,724	5,318,184	4,433,710	884,474
Operating income (loss)	1,265,666	1,029,206	1,937,575	908,369
Nonoperating revenues (expenses)				
Earnings on investments	4,200	4,200	138,022	133,822
Rents and rights	89,710	89,710	87,440	(2,270)
Miscellaneous	4,720	4,720	14,867	10,147
Principal paid on notes	(1,399,435)	(1,399,435)	(1,399,435)	-
Interest and fiscal charges	(461,713)	(461,713)	(296,282)	165,431
Total nonoperating revenues (expenses)	(1,762,518)	(1,762,518)	(1,455,388)	307,130
Net income (loss) before capital contributions	(496,852)	(733,312)	482,187	1,215,499

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Capital contributions	24,500	24,500	17,880	(6,620)
Change in net position	<u>\$ (472,352)</u>	<u>\$ (708,812)</u>	500,067	<u>\$ 1,208,879</u>
Adjustments to GAAP Basis				
Add capital purchases			1,372,368	
Add principal paid on notes			1,399,435	
Deduct depreciation			<u>(929,168)</u>	
Change in net position - GAAP Basis			2,342,702	
Net position at beginning of year			<u>28,706,656</u>	
Net position at end of year			<u>\$ 31,049,358</u>	

CITY OF STERLING, COLORADO
Sanitation Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 657,500	\$ 657,500	\$ 798,830	\$ 141,330
Total operating revenues	657,500	657,500	798,830	141,330
Operating expenses				
Personnel	278,602	278,602	235,733	42,869
Maintenance and supplies	379,076	403,076	374,314	28,762
Administrative cost allocation	98,652	98,652	98,652	-
Capital purchases	336,675	336,675		336,675
Total operating expenses	1,093,005	1,117,005	708,699	408,306
Operating income (loss)	(435,505)	(459,505)	90,131	549,636
Nonoperating revenues				
Earnings on investments	450	450	10,891	10,441
Total nonoperating revenues	450	450	10,891	10,441
Change in net position	\$ (435,055)	\$ (459,055)	101,022	\$ 560,077
Adjustments to GAAP Basis				
Deduct depreciation			(60,153)	
Change in net position - GAAP Basis			40,869	
Net position at beginning of year			984,309	
Net position at end of year			\$ 1,025,178	

CITY OF STERLING, COLORADO
Sewer Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	\$ 3,987,000	\$ 3,987,000	\$ 4,484,098	\$ 497,098
Total operating revenues	3,987,000	3,987,000	4,484,098	497,098
Operating expenses				
Personnel	680,991	680,991	663,509	17,482
Maintenance and supplies	804,349	856,928	684,784	172,144
Administrative cost allocation	222,801	222,801	222,801	-
Capital purchases	16,010,000	31,852,419	10,608,137	21,244,282
Total operating expenses	17,718,141	33,613,139	12,179,231	21,433,908
Operating loss	(13,731,141)	(29,626,139)	(7,695,133)	21,931,006
Nonoperating revenues (expenses)				
Earnings on investments	5,000	5,000	122,620	117,620
Principal paid on notes	(928,464)	(928,464)	(928,464)	-
Interest and fiscal charges	(497,898)	(497,898)	(465,475)	32,423
Total nonoperating revenues (expenses)	(1,421,362)	(1,421,362)	(1,271,319)	150,043
Net loss before capital contributions and transfers	(15,152,503)	(31,047,501)	(8,966,452)	22,081,049
Capital contributions			18,067	18,067
Transfers in	5,400	5,400		(5,400)
Change in net position	\$ (15,147,103)	\$ (31,042,101)	(8,948,385)	\$ 22,093,716
Adjustments to GAAP Basis				
Add capital purchases			10,608,137	
Add principal paid on notes			928,464	
Deduct depreciation and amortization			(596,314)	
Change in net position - GAAP Basis			1,991,902	
Net position at beginning of year			18,672,934	
Net position at end of year			\$ 20,664,836	

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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, 2022

	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Assets			
Current assets			
Cash	\$ 15,182	\$ 24,023	\$ 17,100
Investments	412,566	281,465	698,307
Receivables		686	138,094
Total current assets	427,748	306,174	853,501
Noncurrent assets			
Capital assets, net of accumulated depreciation	3,285,490		
Total noncurrent assets	3,285,490	-	-
Total assets	<u>\$ 3,713,238</u>	<u>\$ 306,174</u>	<u>\$ 853,501</u>
Liabilities			
Current liabilities			
Accounts payable		\$ 218	
Accrued salaries and benefits payable			
Accrued interest payable	\$ 4,827		
Current portion of financed purchases	63,407		
Total current liabilities	68,234	218	\$ -
Long-term liabilities			
Accrued compensated absences			
Financed purchases	65,776		
Total long-term liabilities	65,776	-	-
Total liabilities	134,010	218	-
Net position			
Net investment in capital assets	3,156,307		
Restricted for emergencies			495,000
Unrestricted	422,921	305,956	358,501
Total net position	3,579,228	305,956	853,501
Total liabilities and net position	<u>\$ 3,713,238</u>	<u>\$ 306,174</u>	<u>\$ 853,501</u>

Service Center Fund	Total
\$ 32,650	\$ 88,955
255,026	1,647,364
	138,780
287,676	1,875,099
1,430,022	4,715,512
1,430,022	4,715,512
<u>\$ 1,717,698</u>	<u>\$ 6,590,611</u>
\$ 25,385	\$ 25,603
13,205	13,205
	4,827
	63,407
38,590	107,042
21,729	21,729
	65,776
21,729	87,505
60,319	194,547
1,430,022	4,586,329
	495,000
227,357	1,314,735
1,657,379	6,396,064
<u>\$ 1,717,698</u>	<u>\$ 6,590,611</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, 2022

	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Operating revenues			
Charges for services	\$ 845,165	\$ 2,510,451	\$ 654,485
Total operating revenues	845,165	2,510,451	654,485
Operating expenses			
Claims			138,250
Premiums		2,510,397	688,894
Personnel			
Maintenance and supplies	112,764	4,351	610
Depreciation and amortization	435,186		
Total operating expenses	547,950	2,514,748	827,754
Operating income (loss)	297,215	(4,297)	(173,269)
Nonoperating revenues (expenses)			
Earnings on investments	5,690	4,840	12,085
Sale of assets	38,345		
Grants	9,650		
Insurance proceeds			146,353
Debt service interest and fiscal charges	(4,827)		
Total nonoperating revenues (expenses)	48,858	4,840	158,438
Change in net position	346,073	543	(14,831)
Net position at beginning of year	3,233,155	305,413	868,332
Net position at end of year	\$ 3,579,228	\$ 305,956	\$ 853,501

Service Center Fund	Total
<u>\$ 538,123</u>	<u>\$ 4,548,224</u>
538,123	4,548,224
	138,250
	3,199,291
429,588	429,588
133,093	250,818
89,284	524,470
<u>651,965</u>	<u>4,542,417</u>
(113,842)	5,807
4,967	27,582
	38,345
	9,650
	146,353
	(4,827)
<u>4,967</u>	<u>217,103</u>
(108,875)	222,910
<u>1,766,254</u>	<u>6,173,154</u>
<u>\$ 1,657,379</u>	<u>\$ 6,396,064</u>

CITY OF STERLING, COLORADO
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2022

	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Cash flows from operating activities			
Receipts from customers	\$ 845,165	\$ 2,509,910	\$ 530,702
Payments to providers		(2,510,397)	(688,894)
Payments to claimants		(4,361)	(138,250)
Payments to suppliers	(135,162)		(610)
Payments to employees			
Net cash provided (used) by operating activities	710,003	(4,848)	(297,052)
Cash flows from noncapital financing activities			
Insurance proceeds			146,353
Net cash provided by noncapital financing activities	-	-	146,353
Cash flows from capital and related financing activities			
Sale of assets	38,345		
Grants	9,650		
Purchase of capital assets	(495,874)		
Principal paid on capital debt	(61,124)		
Interest and fiscal charges paid on capital debt	(7,110)		
Net cash used by capital and related financing activities	(516,113)	-	-
Cash flows from investing activities			
Sale of investments			162,000
Purchase of investments	(195,000)		
Net cash provided (used) by investing activities	(195,000)	-	162,000
Net change in cash and cash equivalents	(1,110)	(4,848)	11,301
Cash and cash equivalents at beginning of year	16,292	28,871	5,799
Cash and cash equivalents at end of year	\$ 15,182	\$ 24,023	\$ 17,100

Service Center Fund	Total
\$ 538,123	\$ 4,423,900
	(3,199,291)
	(142,611)
(234,021)	(369,793)
(310,727)	(310,727)
(6,625)	401,478
	146,353
-	146,353
	38,345
	9,650
(87,165)	(583,039)
	(61,124)
	(7,110)
(87,165)	(603,278)
120,000	282,000
	(195,000)
120,000	87,000
26,210	31,553
6,440	57,402
\$ 32,650	\$ 88,955

(continued)

CITY OF STERLING, COLORADO
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2022

(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)	\$ 297,215	\$ (4,297)	\$ (173,269)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation and amortization	435,186		
Changes in operating assets and liabilities			
Accounts receivable		(541)	(123,783)
Accounts payable	(22,398)	(10)	
Accrued salaries and benefits payable			
Accrued compensated absences			
Net cash provided (used) by operating activities	\$ 710,003	\$ (4,848)	\$ (297,052)

Service Center Fund	Total
\$ (113,842)	\$ 5,807
89,284	524,470
21,484	(124,324)
1,441	(924)
(4,992)	1,441
	(4,992)
<u>\$ (6,625)</u>	<u>\$ 401,478</u>

CITY OF STERLING, COLORADO
Capital Replacement Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	\$ 876,973	\$ 876,973	\$ 845,165	\$ (31,808)
Total operating revenues	876,973	876,973	845,165	(31,808)
Operating expenses				
Maintenance and supplies	935	935	935	-
Noncapital purchases			111,829	(111,829)
Capital purchases	896,973	957,355	495,874	461,481
Total operating expenses	897,908	958,290	608,638	349,652
Operating income (loss)	(20,935)	(81,317)	236,527	317,844
Nonoperating revenues (expenses)				
Earnings on investments	300	300	5,690	5,390
Sale of assets			38,345	38,345
Grants	20,000	20,000	9,650	(10,350)
Principal paid on debt obligations			(61,124)	(61,124)
Interest and fiscal charges			(4,827)	(4,827)
Total nonoperating revenues (expenses)	20,300	20,300	(12,266)	(32,566)
Change in net position	\$ (635)	\$ (61,017)	224,261	\$ 285,278
Adjustments to GAAP Basis				
Add principal paid on debt obligations			61,124	
Add capital purchases			495,874	
Deduct depreciation			(435,186)	
Change in net position - GAAP Basis			346,073	
Net position at beginning of year			3,233,155	
Net position at end of year			\$ 3,579,228	

CITY OF STERLING, COLORADO
Employee Benefits Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	\$ 2,951,346	\$ 2,951,346	\$ 2,510,451	\$ (440,895)
Total operating revenues	2,951,346	2,951,346	2,510,451	(440,895)
Operating expenses				
Premiums	2,951,346	2,951,346	2,510,397	440,949
Maintenance and supplies	4,150	4,150	4,351	(201)
Total operating expenses	2,955,496	2,955,496	2,514,748	440,748
Operating income (loss)	(4,150)	(4,150)	(4,297)	(147)
Nonoperating revenues				
Earnings on investments	175	175	4,840	4,665
Total nonoperating revenues	175	175	4,840	4,665
Change in net position	\$ (3,975)	\$ (3,975)	543	\$ 4,518
Net position at beginning of year			305,413	
Net position at end of year			\$ 305,956	

CITY OF STERLING, COLORADO
Risk Management Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	\$ 653,599	\$ 653,599	\$ 654,485	\$ 886
Miscellaneous	2,000	2,000		(2,000)
Total operating revenues	655,599	655,599	654,485	(1,114)
Operating expenses				
Claims	50,000	145,000	138,250	6,750
Premiums	653,599	705,599	688,894	16,705
Maintenance and supplies	5,610	5,610	610	5,000
Total operating expenses	709,209	856,209	827,754	28,455
Operating loss	(53,610)	(200,610)	(173,269)	27,341
Nonoperating revenues (expenses)				
Insurance proceeds	50,000	145,000	146,353	1,353
Earnings on investments	500	500	12,085	11,585
Total nonoperating revenues (expenses)	50,500	145,500	158,438	12,938
Change in net position	\$ (3,110)	\$ (55,110)	(14,831)	\$ 40,279
Net position at beginning of year			868,332	
Net position at end of year			\$ 853,501	

CITY OF STERLING, COLORADO
Service Center Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	\$ 538,124	\$ 538,124	\$ 538,123	\$ (1)
Total operating revenues	538,124	538,124	538,123	(1)
Operating expenses				
Personnel	637,097	637,097	429,588	207,509
Maintenance and supplies	120,038	139,937	133,093	6,844
Capital purchases	69,765	88,643	87,165	1,478
Total operating expenses	826,900	865,677	649,846	215,831
Operating income (loss)	(288,776)	(327,553)	(111,723)	215,830
Nonoperating revenues				
Earnings on investments	200	200	4,967	4,767
Total nonoperating revenues	200	200	4,967	4,767
Change in net position	\$ (288,576)	\$ (327,353)	(106,756)	\$ 220,597
Adjustments to GAAP Basis				
Add capital purchases			87,165	
Deduct depreciation			(89,284)	
Change in net position - GAAP Basis			(108,875)	
Net position at beginning of year			1,766,254	
Net position at end of year			\$ 1,657,379	

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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, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Tax increment financing	\$ 700,000	\$ 700,000	\$ 643,799	\$ (56,201)
Earnings on investments	6,000	6,000	25,178	19,178
Total revenues	706,000	706,000	668,977	(37,023)
Expenditures				
Grants and contributions	750,000	750,000	120,375	629,625
Legal and professional fees	5,000	5,000	679	4,321
County treasurer's fees	14,000	14,000	12,876	1,124
Contribution to LCEDC	15,000	15,000	15,000	-
Improvement projects	506,200	506,200	3,878	502,322
Miscellaneous	15,000	15,000	5,838	9,162
Total expenditures	1,305,200	1,305,200	158,646	1,146,554
Net change in fund balance	\$ (599,200)	\$ (599,200)	510,331	\$ 1,109,531
Fund balance at beginning of year			4,957,813	
Fund balance at end of year			\$ 5,468,144	

**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

STATE:
COLORADO
YEAR ENDING (mm/yy):
12/22This Information From The Records Of:
City of SterlingPrepared By:
Deb Forbes, Director of Finance/City Clerk

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. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 421,676.35
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 313,682.90
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 37,655.32
2. General fund appropriations	\$ 842,177.21	b. Snow and ice removal	\$ 139,563.49
3. Other local imposts (from page 2)	\$ 298,529.86	c. Other street lighting	\$ 207,430.80
4. Miscellaneous local receipts (from page 2)	\$ 30,448.62	d. Total (a. through c.)	\$ 384,649.61
5. Transfers from toll facilities	\$ -	4. General administration & miscellaneous	\$ 148,077.65
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	\$ 317,962.79
a. Bonds - Original Issues	\$ -	6. Total (1 through 5)	\$ 1,586,049.30
b. Bonds - Refunding Issues	\$ -	B. Debt service on local obligations:	
c. Notes	\$ -	1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	\$ -
7. Total (1 through 6)	\$ 1,171,155.69	b. Redemption	\$ -
B. Private Contributions		c. Total (a. + b.)	\$ -
C. Receipts from State government		2. Notes:	
(from page 2)	\$ 414,893.61	a. Interest	\$ -
D. Receipts from Federal Government		b. Redemption	\$ -
(from page 2)	\$ -	c. Total (a. + b.)	\$ -
E. Total receipts (A.7 + B + C + D)	\$ 1,586,049.30	3. Total (1.c + 2.c)	\$ -
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 1,586,049.30

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		\$ 1,586,049.30	\$ 1,586,049.30		\$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
COLORADO
YEAR ENDING (mm/yy):
12/22

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	\$ 30,448.62
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	\$ 298,529.86	g. Other Misc. Receipts	\$ -
6. Total (1. through 5.)	\$ 298,529.86	h. Other	\$ -
c. Total (a. + b.)	\$ 298,529.86	i. Total (a. through h.)	\$ 30,448.62
(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 (from Item I.C.5.)	\$ 372,719.75	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	\$ 42,173.86	d. Federal Transit Administration	
d. DOLA Grant	\$ -	e. U.S. Corps of Engineers	
e. Other	\$ -	f. Other Federal	
f. Total (a. through e.)	\$ 42,173.86	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ 414,893.61	3. Total (1. + 2.g)	\$ -
(Carry forward to page 1)		(Carry forward to page 1)	

III. EXPENDITURES 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			\$ -
b. Engineering Costs			\$ -
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements			\$ -
(3). System Preservation		\$ 421,676.35	\$ 421,676.35
(4). System Enhancement And Operation			\$ -
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 421,676.35	\$ 421,676.35
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 421,676.35	\$ 421,676.35
(Carry forward to page 1)			

Notes and Comments:

STERLING

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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.	
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Changes in Net Position	156
Fund Balances of Governmental Funds	158
Changes in Fund Balances of Governmental Funds	159
Revenue Capacity Information	
These schedules contain information to help the reader assess the City's most significant local revenue source, sales tax.	
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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.	
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Direct and Overlapping Governmental Activities Debt	167
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
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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.	
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STERLING

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in Capital Assets	\$28,664	\$30,638	\$32,617	\$34,120	\$34,729	\$34,846	\$35,188	\$35,650	\$35,354	\$34,855
Nonspendable prepaid expenses	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Emergencies	370	370	420	420	420	420	440	440	470	495
Public Safety	754	637	460	352	142	57	253	162	60	-
Culture and recreation	483	767	710	514	715	952	1,153	1,250	1,384	1,575
Pensions	-	-	670	213	155	648	-	171	605	1,646
Unrestricted	6,175	6,869	6,552	6,056	6,011	5,629	6,114	5,411	6,797	7,044
Total governmental activities net position	\$36,446	\$39,281	\$41,429	\$41,675	\$42,172	\$42,552	\$43,148	\$43,084	\$44,670	\$45,615
Business-type activities										
Net investment in Capital Assets	\$22,519	\$15,973	\$16,714	\$20,146	\$22,327	\$24,324	\$24,637	\$28,230	\$35,885	\$35,694
Restricted for system improvements	-	1,957	1,957	184	80	81	83	83	83	83
Unrestricted	7,524	13,678	13,301	12,362	11,235	11,426	16,136	16,477	12,317	16,917
Total business-type activities net position	\$30,043	\$31,608	\$31,972	\$32,692	\$33,642	\$35,831	\$40,856	\$44,790	\$48,285	\$52,694
Primary government										
Net investment in Capital Assets	\$51,183	\$46,611	\$49,331	\$54,266	\$57,056	\$59,170	\$59,825	\$63,881	\$71,239	\$70,549
Nonspendable prepaid expenses	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Emergencies	370	370	420	420	420	420	440	440	470	495
Public Safety	754	637	460	352	142	57	253	162	60	-
Culture and recreation	483	767	710	514	715	952	1,153	1,250	1,384	1,575
Pensions	-	-	670	213	155	648	-	171	605	1,646
System improvements	-	1,957	1,957	184	80	81	83	82	83	83
Unrestricted	13,699	20,547	19,853	18,418	17,246	17,055	22,250	21,888	19,114	23,961
Total primary government net position	\$66,489	\$70,889	\$73,401	\$74,367	\$75,814	\$78,383	\$84,004	\$87,874	\$92,955	\$98,309

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 2,698	\$ 2,664	\$ 3,042	\$ 2,833	\$ 2,772	\$ 2,773	\$ 2,992	\$ 3,113	\$ 3,364	\$ 3,366
Public Safety	4,384	4,618	4,798	5,448	5,542	5,135	5,457	6,163	5,968	6,160
Public Works	2,470	2,487	1,629	2,503	2,182	2,323	2,315	2,346	2,601	2,805
Parks, Library, Recreation	2,827	2,860	2,497	3,053	3,092	3,216	3,316	3,084	3,094	3,790
Interest on Long-term debt	58	49	45	35	24	26	13	10	7	5
Total governmental activities expenses	12,437	12,678	12,011	13,872	13,612	13,473	14,093	14,716	15,034	16,126
Business-type activities:										
Water	2,814	3,361	4,324	4,241	4,403	4,328	3,935	4,116	4,073	4,271
Sanitation	446	476	476	464	504	576	607	693	819	763
Sewer	1,693	1,851	1,863	2,088	2,344	2,060	2,023	2,518	2,665	2,620
Total business-type activities expenses	4,953	5,688	6,663	6,793	7,251	6,964	6,565	7,327	7,557	7,654
Total primary government expenses	\$17,390	\$18,366	\$18,674	\$20,665	\$20,863	\$20,437	\$20,658	\$22,043	\$22,591	\$23,780
Program Revenue										
Governmental activities:										
Charge for Services - General Government	\$ 149	\$ 158	\$ 219	\$ 198	\$ 113	\$ 122	\$ 207	\$ 234	\$ 185	\$ 256
Charge for Services - Public Safety	81	80	83	76	69	51	47	49	49	46
Charge for Services - Public Works	339	335	225	216	225	246	261	239	352	377
Charge for Services - Parks, Library, Rec.	356	358	318	367	369	337	328	203	319	324
Operating grants	890	818	662	638	669	731	763	702	1,102	883
Capital grants	-	1,913	453	548	249	5	186	368	408	107
Total governmental activities program revenues	1,815	3,662	1,960	2,043	1,694	1,492	1,792	1,795	2,415	1,993
Business-type activities:										
Charge for Services - Water	4,910	5,016	5,003	5,130	5,372	5,829	6,340	6,378	6,220	6,371
Charge for Services - Sanitation	466	479	471	609	601	611	669	661	659	799
Charge for Services - Sewer	1,658	1,736	1,688	1,663	2,053	2,440	4,128	3,987	3,926	4,484
Operating grants	-	-	-	-	6	18	-	-	-	-
Capital grants	45	28	81	36	37	52	39	36	14	36
Total business-type activities program revenues	7,079	7,259	7,243	7,438	8,069	8,950	11,176	11,062	10,819	11,690
Total primary government program revenues	\$ 8,894	\$10,921	\$ 9,203	\$ 9,481	\$ 9,763	\$10,442	\$12,968	\$12,857	\$13,234	\$13,683

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (expense)/revenue										
Governmental activities	\$(10,622)	\$ (9,016)	\$(10,051)	\$(11,829)	\$(11,918)	\$(11,981)	\$(12,301)	\$(12,921)	\$(12,619)	\$(14,133)
Business-type activities	2,126	1,571	580	645	818	1,986	4,611	3,735	3,262	4,036
Total primary government net expense	<u>\$ (8,496)</u>	<u>\$ (7,445)</u>	<u>\$ (9,471)</u>	<u>\$(11,184)</u>	<u>\$(11,100)</u>	<u>\$ (9,995)</u>	<u>\$ (7,690)</u>	<u>\$ (9,186)</u>	<u>\$ (9,357)</u>	<u>\$(10,097)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property Tax	\$ 1,018	\$ 1,038	\$ 1,048	\$ 1,095	\$ 1,116	\$ 1,139	\$ 1,149	\$ 1,222	\$ 1,248	\$ 1,350
Specific Ownership Tax	-	127	126	119	122	123	139	136	139	143
Sales and Use Tax	6,912	7,703	7,620	7,427	7,349	7,609	8,236	8,401	9,513	9,688
Franchise Tax	685	699	664	632	635	626	614	609	658	773
Other Taxes	292	227	213	158	222	236	225	182	235	233
Unrestricted Earnings on Investments	8	8	14	47	72	137	162	48	4	213
Miscellaneous	3,022	1,956	2,433	2,501	2,685	2,399	2,372	2,259	2,298	2,555
Sale of Assets	-	-	11	-	8	-	-	-	110	124
Transfers	93	93	94	96	92	92	-	-	-	-
Total governmental activities	<u>\$ 12,030</u>	<u>\$ 11,851</u>	<u>\$ 12,223</u>	<u>\$ 12,075</u>	<u>\$ 12,301</u>	<u>\$ 12,361</u>	<u>\$ 12,897</u>	<u>\$ 12,857</u>	<u>\$ 14,205</u>	<u>\$ 15,079</u>
Business-type activities:										
Unrestricted Earnings on Investments	\$ 9	\$ 11	\$ 20	\$ 74	\$ 135	\$ 208	\$ 266	\$ 106	\$ 7	\$ 272
Miscellaneous	238	12	166	96	89	86	148	94	225	102
Sale of Assets	1	165	27	-	-	-	-	-	-	-
Transfers	(93)	(93)	(94)	(96)	(92)	(92)	-	-	-	-
Total business-type activities	<u>155</u>	<u>95</u>	<u>119</u>	<u>74</u>	<u>132</u>	<u>202</u>	<u>414</u>	<u>200</u>	<u>232</u>	<u>374</u>
Total primary government	<u>\$ 12,185</u>	<u>\$ 11,946</u>	<u>\$ 12,342</u>	<u>\$ 12,149</u>	<u>\$ 12,433</u>	<u>\$ 12,563</u>	<u>\$ 13,311</u>	<u>\$ 13,057</u>	<u>\$ 14,437</u>	<u>\$ 15,453</u>
Changes in Net Position										
Governmental activities	\$ 1,408	\$ 2,835	\$ 2,172	\$ 246	\$ 383	\$ 380	\$ 596	\$ (64)	\$ 1,586	\$ 946
Business-type activities	2,281	1,666	699	719	950	2,188	5,025	3,935	3,494	4,410
Total primary government	<u>\$ 3,689</u>	<u>\$ 4,501</u>	<u>\$ 2,871</u>	<u>\$ 965</u>	<u>\$ 1,333</u>	<u>\$ 2,568</u>	<u>\$ 5,621</u>	<u>\$ 3,871</u>	<u>\$ 5,080</u>	<u>\$ 5,356</u>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable - prepaid items	\$ -	\$ 85	\$ 70	\$ 93	\$ 124	\$ 103	\$ 100	\$ 96	\$ 107	\$ 168
Restricted for:										
Culture and recreation	141	140	141	127	127	127	146	136	124	125
Unassigned	2,667	3,132	3,682	3,144	3,118	3,551	3,878	4,172	5,800	6,455
Total General Fund	\$ 2,808	\$ 3,357	\$ 3,893	\$ 3,364	\$ 3,369	\$ 3,781	\$ 4,124	\$ 4,404	\$ 6,031	\$ 6,748
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	483	768	710	514	715	952	1,153	1,250	1,384	1,575
Committed to:										
Capital Improvement	825	841	572	488	509	532	226	61	181	379
Health & Welfare	202	190	185	225	223	237	231	230	237	246
Total all other governmental funds	\$ 2,494	\$ 2,591	\$ 1,999	\$ 1,579	\$ 1,589	\$ 1,778	\$ 1,863	\$ 1,703	\$ 1,862	\$ 2,200

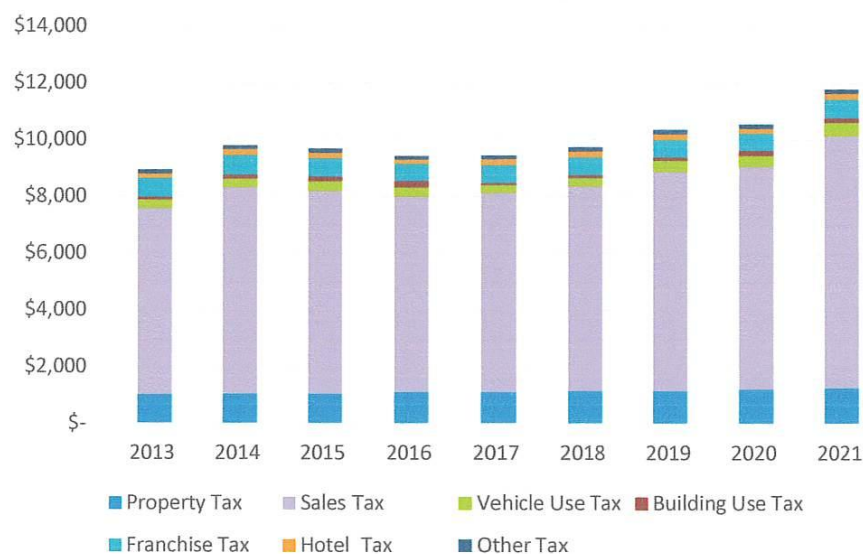
City of Sterling, Colorado
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(amounts expressed in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue										
Taxes	\$ 8,925	\$ 9,795	\$ 9,672	\$ 9,432	\$ 9,447	\$ 9,733	\$10,364	\$10,550	\$11,793	\$12,188
Licenses and Permits	182	212	267	251	163	169	252	290	246	307
Intergovernmental	2,135	4,031	2,572	2,437	2,480	2,269	2,239	2,453	2,806	2,662
Charges for services	293	279	259	278	290	280	279	120	253	261
Fines and forfeitures	108	106	105	101	93	72	67	67	65	99
Earnings on investments	5	5	9	27	41	83	110	33	3	150
Miscellaneous	2,126	989	1,200	1,242	1,358	1,106	1,406	1,102	1,192	1,254
Total Revenue	\$13,774	\$15,417	\$14,084	\$13,768	\$13,872	\$13,712	\$14,717	\$14,615	\$16,358	\$16,921
Expenditures										
General Government	\$ 2,745	\$ 2,658	\$ 3,140	\$ 3,036	\$ 2,765	\$ 2,636	\$ 3,213	\$ 3,339	\$ 3,301	\$ 3,275
Public Safety	4,577	4,761	5,335	5,397	5,303	5,299	5,530	5,603	5,967	6,545
Public Works	2,965	4,628	2,757	3,152	2,898	2,152	2,872	2,594	2,131	2,524
Cemetery	168	237	184	203	235	223	237	281	252	263
Recreation	2,312	2,348	2,607	2,789	2,521	2,663	2,837	2,936	3,031	3,433
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$12,767	\$14,632	\$14,023	\$14,577	\$13,722	\$12,973	\$14,689	\$14,753	\$14,682	\$16,040
Excess of revenues over (under) expenditures	\$ 1,007	\$ 785	\$ 61	\$ (809)	\$ 150	\$ 739	\$ 28	\$ (138)	\$ 1,676	\$ 881
Other financing sources (uses)										
Transfers in	\$ 1	\$ 1	\$ 39	\$ 1	\$ 5	\$ 2	\$ 480	\$ 110	\$ 13	\$ 14
Transfers out	(139)	(140)	(155)	(141)	(140)	(140)	(80)	(10)	(13)	(14)
Sale of land and buildings	-	-	-	-	-	-	-	158	110	173
Total other financing sources (uses)	\$ (138)	\$ (139)	\$ (116)	\$ (140)	\$ (135)	\$ (138)	\$ 400	\$ 258	\$ 110	\$ 173
Net change in fund balances	\$ 869	\$ 646	\$ (55)	\$ (949)	\$ 15	\$ 601	\$ 428	\$ 120	\$ 1,786	\$ 1,054
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
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
2022	\$ 1,350	\$ 8,946	\$ 404	\$ 338	\$ 773	\$ 221	\$ 156	\$ 12,188
Change								
2013-2022	33%	36%	40%	289%	13%	45%	11%	



**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	
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
2022	14.041	29.932	37.450	2.830	84.253

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
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
2022	\$50,624	\$85,951	\$2,696	\$27,263	\$61,765	\$527	\$5,745	\$141,634

Source: Logan County Assessor. Information for Logan County.

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

<u>Fiscal Year</u>	<u>City of Sterling</u>	<u>Logan County</u>	<u>South Platte Rural Transportation Auth</u>	<u>State of Colorado</u>
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%
2022	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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Agriculture, Forestry & Fishing	\$7	\$8	\$19	\$71	\$50	\$11	\$11	\$10	\$13	\$13
Mining	\$8	\$8	\$11	\$12	\$1	\$3	\$2	\$3	\$4	\$3
Construction	\$48	\$57	\$59	\$79	\$64	\$59	\$54	\$77	\$75	\$63
Manufacturing	\$200	\$163	\$169	\$158	\$160	\$178	\$258	\$283	\$290	\$334
Transportation & Public Utilities	\$640	\$628	\$608	\$542	\$570	\$590	\$571	\$516	\$566	\$650
Wholesale Trade	\$202	\$516	\$332	\$228	\$968	\$285	\$389	\$295	\$305	\$349
Retail Trade	\$4,933	\$5,149	\$5,386	\$5,257	\$4,638	\$5,439	\$5,768	\$6,065	\$6,649	\$6,778
Finance, Insurance & Real Estate	\$2	\$7	\$6	\$8	\$9	\$9	\$15	\$12	\$10	\$9
Services	\$515	\$746	\$544	\$550	\$542	\$632	\$640	\$555	\$658	\$713

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									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt Limit	\$ 17,353	\$ 17,462	\$ 17,677	\$ 18,520	\$ 18,627	\$ 20,163	\$ 20,584	\$ 20,692	\$ 23,186	\$ 23,183
Debt applicable to limit	<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>	<u>129</u>
Legal Debt Margin	<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>	<u>\$ 23,054</u>

Legal Debt Margin Calculation for Fiscal Year 2022

Actual valuation	\$ 772,777
Debt limit - 3% of actual valuation	\$ 23,183
Amount of debt outstanding	\$ 48,613
Less deductions allowed:	
Sewer Loan	\$ 32,649
Water Loan	\$ 15,835
Total amount of debt applicable to debt limit	<u>\$ 129</u>
Legal Debt Margin	<u>\$ 23,054</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			Fire Truck		Air Pack		CWRPDA Loan		CWRPDA Loan					
	Lease	Lease	Lease	Lease	Lease	Lease	Lease	Lease	Lease	Lease					Lease
2013	\$1,015	\$103	\$0	\$514	\$27,984	\$29,616	2.90%	13,982	\$2,118						
2014	\$830	\$69	\$0	\$353	\$26,699	\$27,951	2.59%	14,203	\$1,968						
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	4.91%	13,739	\$3,712						
2022	\$0	\$129	\$0	\$32,649	\$15,835	\$48,613	N/A ²	13,867	\$3,506						

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

² Information for 2022 was not available at the time of the schedule preparation.

City of Sterling, Colorado
Direct and Overlapping Governmental Activities Debt
December 31, 2022
(amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Percentage Applicable	Amount Applicable
City of Sterling Direct Debt	\$129	100.00%	\$129
City of Sterling Overlapping Debt	<u>\$0</u>		<u>\$0</u>
Total	<u><u>\$129</u></u>		<u><u>\$129</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 (dollars)	Personal Income ² (in thousands)	School Enrollment ³	Unemployment Rate Percent ⁴
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	\$48,330	\$1,038,469	1,973	4.2%
2022	13,867	20,823	N/A ⁵	N/A ⁵	2,092	2.9%

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 2022 was not available at the time of the schedule preparation.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function										
General government	17	16	15	15	14	15	15	14	14	17
Public safety										
Police										
Officers	21	23	20	20	22	22	21	21	20	20
Civilians	5	5	5	6	6	6	6	6	5	3
Fire										
Firefighters	22	22	22	22	22	22	22	22	21	23
Civilians	1	1	1	1	1	1	1	1	1	1
Dispatch	8	7	10	11	11	11	11	11	12	11
Parks, Library, Recreation	23	26	24	25	27	26	31	25	28	25
Public Works	14	14	16	15	15	12	14	15	15	14
Water	8	9	9	9	10	10	11	10	10	9
Sanitation	4	4	4	4	4	3	4	3	4	4
Sewer System										
Sewer	2	1	1	4	4	4	4	4	4	5
Wastewater	3	4	4	5	4	4	4	3	4	4
Service Center	6	6	8	7	6	7	7	7	7	5
TOTAL	134	138	139	144	146	143	151	142	145	141

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Physical arrests	627	641	665	454	753	941	1,023	930	948	740
Traffic Accidents	267	297	257	256	250	228	264	197	184	152
Traffic charges	4,368	4,014	4,377	4,057	4,433	4,385	5,082	2,337	2,351	2,014
Fire										
Medical calls	1,403	1,743	2,077	1,990	2,034	2,101	2,059	2,093	2,048	2,027
Fire calls	90	95	140	116	118	114	90	141	133	147
Hazardous Calls	265	460	103	78	114	101	94	76	63	92
Public Works										
Building Permits:										
Residential	7	7	5	8	4	7	2	2	1	26
Non-residential	33	38	56	68	61	38	89	3	50	3
Construction Value:										
Residential ¹	\$773	\$1,165	\$611	\$830	\$392	\$993	\$187	\$229	\$273	\$1,934
Non-residential ¹	\$2,260	\$1,568	\$2,465	\$2,562	\$2,366	\$2,087	\$555	\$2,820	\$750	\$12,458
Parks, Library, Recreation										
Patrons using Library	49,085	47,707	39,507	42,072	36,041	65,730	72,810	26,471	39,252	47,196
Recreation Division Programs	6	6	6	6	6	6	9	2	9	9
Recreation Division Teams	254	258	275	266	227	114	256	73	165	197
Sanitation										
Compacted refuse (tons)	5,701	5,756	5,742	5,842	5,901	5,740	5,763	6,056	5,960	5,308
Loose collected (tons)	1,061	742	801	891	1,058	917	799	949	865	867
Water										
Meters Read	58,533	57,548	56,513	57,886	57,977	58,837	58,574	57,957	56,704	56,044
Services Installed	6	9	29	10	7	10	19	0	1	0

Sources: Various city departments.

¹Information presented in thousands.

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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	750	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	18	18
Park Acreage	116	116	116	116	116	116	116	116	123	123
Open Space Acreage	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	361.5	1266.97
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	9	8	8	8	8	8
Pickleball Courts	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2	3
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	386	386	386	386	389	389	389	391	392	393
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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