City of Sterling, Colorado

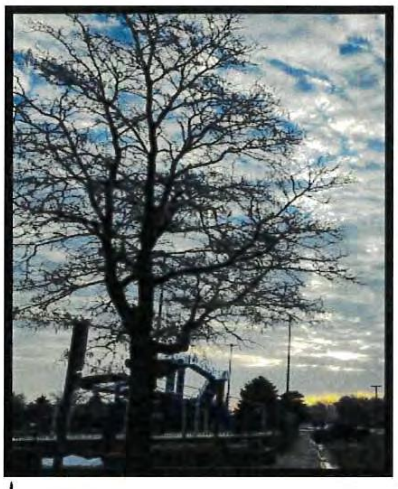
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended December 31, 2023









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A Colorado Treasure

Cover Photograph Descriptions

Top left: The Kiwanis Fishing Pond.
Top right: Sunset in Sterling.
Bottom left: Sterling Recreation Center Pool.
Bottom right: Winter morning in front of the Recreation Center.

All pictures provided by Cassia Freeland.

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City of Sterling, Colorado

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Year Ended December 31, 2023

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, 2023

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INTRODUCTORY SECTION

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www.sterlingcolo.com

June 26, 2024

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, 2023, 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 the City Council, audit the City's financial statements. Lauer, Szabo and Associates, PC, completed the 2023 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.

CITY OF STERLING, CENTENNIAL SQUARE, 421 NORTH 4TH STREET, P. O. BOX 4000, STERLING, COLORADO 80751-0400

CITY HALL	SERVICE CENTER	FIRE	POLICE	RECREATION CENTER	LIBRARY	MUSEUM
(970) 522-9700	(970) 522-2619	(970)522-3823	(970) 522-3512	(970)522-7882	(970) 522-2023	(970) 522-3895
FAX (970)521-0632	FAX (970)521-7141		FAX (970)522-3511		FAX (970)522-2657	FAX (970)521-7135

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, 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 Lines, Water Treatment Plant, 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 expenses. 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 2023. Sales tax revenue, which was 55% of the General Fund revenue in 2023, was 2.8% higher than that collected in 2022. The City's General Fund saw a 7.5% increase in revenues in 2023 compared to 2022.

During 2023 the unemployment rate decreased from 2.9% in 2022 to the current rate of 2.6%.

The City's Code Enforcement Specialist issued 2 building permits in 2023, which was 27 permits less than issued in 2022. The construction value for 2023 was estimated at approximately $6.57 million, of which $6.5 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 2023

The City of Sterling's staff, following specific directives from the 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 2023 the city was able to secure a DOLA grant to help pay for the Waterline Replacement project for the year. This allowed the city to advertise a project that was approximately twice as extensive as previous years.

The 2023 Waterline Replacement Project included 1,900 lin.ft. of 8" waterline and 900 lin.ft. of 6" Waterline. The work began in the fall of 2023 and will be completed in the Spring of 2024.

The City of Sterling secured another DOLA grant to help pay for a major sanitary sewer line extension on the west side of the city. This project will extend the existing 24" sanitary sewer line south along the west side of Ballpark Road from Platte Avenue to the south side of SH 14.

In 2023, the City Council approved a Resolution for the purchase of the vacant National Guard Armory, located within the city, as an investment for the city's use for service of the community. The department of the city that will use and occupy the building continues to be discussed by Council.

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

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 three areas: Headworks, Force Main and the Wastewater Treatment Facility. The Headworks started in 2021 and was completed in 2023. The Force Main started 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 2024.

The City of Sterling is working on various improvement projects throughout the City of Sterling, including the East Chestnut Multi-Use trail that received a Transportation Alternatives Program grant to pay for most of the construction of a trail along the north side of East Chestnut from the viaduct to the South Platte River.

The 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 is being worked on. This segment will be a 10' concrete multi-use trail behind the Westview Drive neighborhood from Iris Drive to Cheyenne Blvd. Most of the design work has been completed and we anticipate concurrence from CDOT to advertise the project for bids in the Spring of 2024.

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 for 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 is working toward becoming a Main Street Program by the end of 2024. City Manager Blankenship has been working with DOLA representatives in preparation to apply and implement the program to enhance the downtown area. Main Street Program brings opportunities downtown in revising the downtown while creating an environment of excitement for all walks of life to gather to enjoy dining at local restaurants, experience downtown events, shopping at local businesses and other activities that can only be experienced through a thriving downtown.

RELEVANT FINANCIAL POLICIES

The 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.

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, 2022. This was the thirty-second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

Dr. Kevin L. 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, 2022

Christopher P. Morrill

Executive Director/CEO

City of Sterling, Colorado
City Council and Senior Management
as of December 31, 2023

City Council

Mayor	Term expires 2025	Matthew Foos
Council Member Ward 1	Term expires 2025	Albert Delgado
Council Member Ward 1	Term expires 2027	Megan Wolf
Council Member Ward 2	Term expires 2025	John Haynie
Council Member Ward 2	Term expires 2027	Kellan Raffaeli
Council Member Ward 3	Term expires 2025	Luke Janes
Council Member Ward 3	Term expires 2027	Dean Haynes

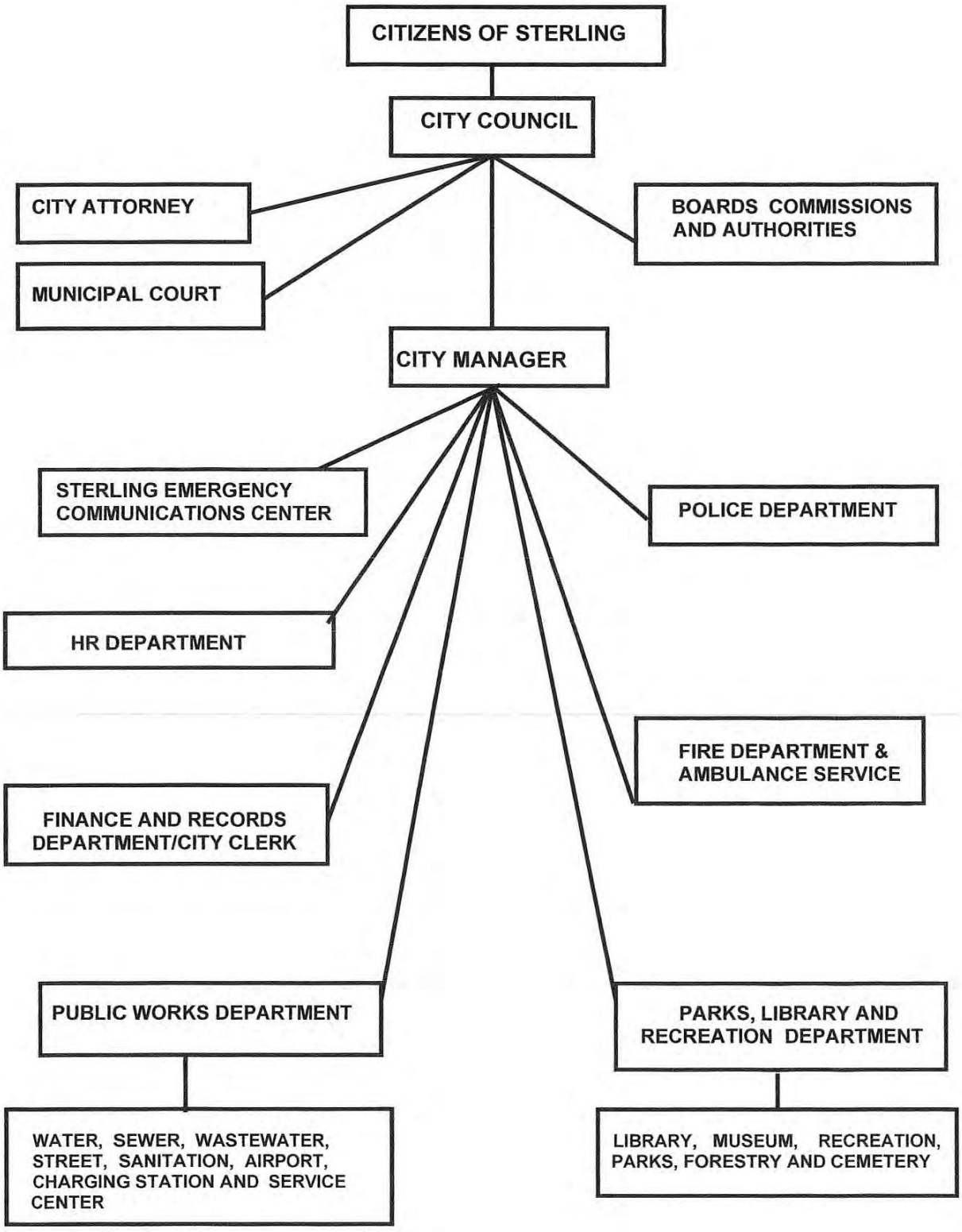
Appointed Officials

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	Kaitlin Mentzel
Director of Parks, Library & Recreation	Wade Gandee
Fire Chief	Lavon Ritter
Police Chief	Tyson Kerr
Public Safety Communication Director	Valicia Lybrand

CITY OF STERLING, COLORADO



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FINANCIAL SECTION

LAUER, SZABO & ASSOCIATES, PC
Certified Public Accountants
205 Main St. · P.O. Box 1886 · Sterling, CO 80751-7886
Phone 970-522-2218 · FAX 970-522-2220

Independent Auditors' Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sterling (the City) as of and for the year ended December 31, 2023, 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, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and *Government 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 an audit in accordance with generally accepted auditing standards and *Government 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, the local highway finance report, statistical section and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, the local highway finance report and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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
June 19, 2024

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, 2023. 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 $102 million at the close of 2023.
- The City has $27 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 seven 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 six governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

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

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

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

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

Notes to the financial statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 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 91 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $102 million at the close of 2023.

CITY OF STERLING NET POSITION
(in thousands)

	Governmental Activities		Business Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Current and other assets	$ 18,153	$ 16,393	$ 38,927	$ 69,688	$ 57,080	$ 86,081
Land, construction in progress and water rights	2,371	2,357	22,123	24,148	24,494	26,505
Capital assets - Net of Depreciation	32,613	32,300	41,391	42,212	74,004	74,512
Total assets	53,137	51,050	102,441	136,048	155,578	187,098
Pension deferrals	1,183	2,097	-	-	1,183	2,097
Total deferred outflows of resources	1,183	2,097	-	-	1,183	2,097
Total assets and deferred outflows	$ 54,320	$ 53,147	$ 102,441	$ 136,048	$ 156,761	$ 189,195
Long-term debt outstanding	$ 1,854	$ 2,151	$ 48,503	$ 76,594	$ 50,357	$ 78,745
Other liabilities	4,330	4,304	1,244	3,105	5,574	7,409
Total liabilities	6,184	6,455	49,747	79,699	55,931	86,154
Deferred property tax revenues	1,353	1,289	-	-	1,353	1,289
Pension deferrals	1,168	69	-	-	1,168	69
Total deferred inflows of resources	2,521	1,358	-	-	2,521	1,358
Net position:						
Net Investment in capital assets	34,855	34,591	35,694	37,683	70,549	72,274
Restricted	3,716	2,155	83	87	3,799	2,242
Unrestricted (deficit)	7,044	8,588	16,917	18,579	23,961	27,167
Total net position	$ 45,615	$ 45,334	$ 52,694	$ 56,349	$ 98,309	$ 101,683
Total liabilities, deferred inflows and net position	$ 54,320	$ 53,147	$ 102,441	$ 136,048	$ 156,761	$ 189,195

The largest portion of the City of Sterling's net position, $72.3 million, reflects its investment in capital assets (land, buildings and equipment). The City of Sterling uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

In addition, a portion of the City of Sterling's net position, $2.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $27 million, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2023, the City of Sterling is able to report positive balances for the three Business-type Activities.

Changes in Net Position

A summary of the City's governmental and business type activities for the period ending December 31, 2023, reflects net position increasing by $3.4 million. The prior period is also included for comparative purposes.

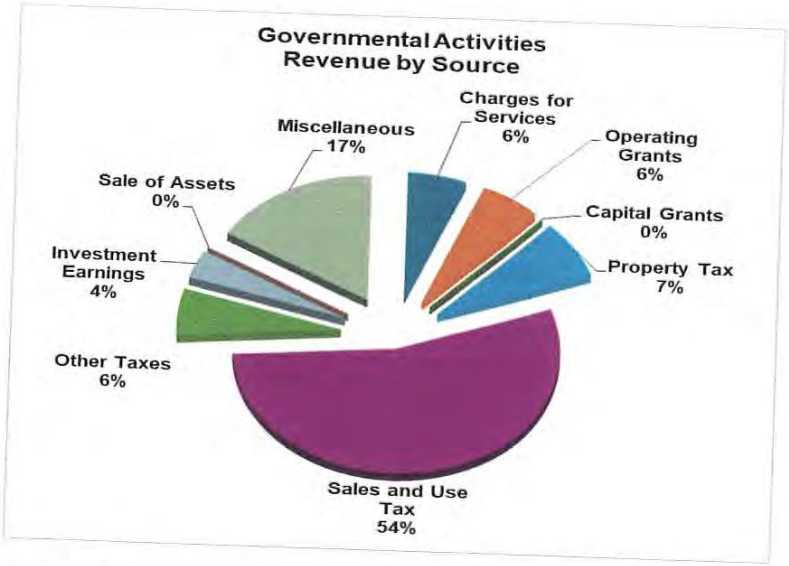
CITY OF STERLING CHANGES IN NET POSITION
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
Program Revenue:						
Charges for Services	$ 1,003	$ 1,051	$ 11,654	$ 11,479	$ 12,657	$ 12,530
Operating Grants	883	1,094	-	-	883	1,094
Capital Grants	107	3	36	43	143	46
General Revenues:						
Property Tax	1,350	1,360	-	-	1,350	1,360
Specific Ownership Tax	143	148	-	-	143	148
Sales and Use Tax	9,688	9,956	-	-	9,688	9,956
Franchise Tax	773	753	-	-	773	753
Other Taxes	233	200	-	-	233	200
Unrestricted Earnings on Investments	213	675	272	877	485	1,552
Sale of assets	124	-	-	-	124	-
Miscellaneous	2,555	3,047	102	95	2,657	3,142
Total Revenues	$ 17,072	$ 18,287	$ 12,064	$ 12,494	$ 29,136	$ 30,781
Program Expenses:						
General Government	$ 3,366	$ 4,121	-	-	$ 3,366	$ 4,121
Public Safety	6,160	7,148	-	-	6,160	7,148
Public Works	2,805	3,506	-	-	2,805	3,506
Parks, Library, Recreation	3,790	3,790	-	-	3,790	3,790
Interest on Long-term Debt	5	2	-	-	5	2
Water	-	-	4,271	4,636	4,271	4,636
Sanitation	-	-	763	799	763	799
Sewer	-	-	2,620	3,404	2,620	3,404
Total Expenses	$ 16,126	$ 18,567	$ 7,654	$ 8,839	$ 23,780	$ 27,406
Overage Before Transfers	$ 946	$ (280)	$ 4,410	$ 3,655	$ 5,356	$ 3,375
Transfers	-	-	-	-	-	-
Change in Net Position	$ 946	$ (280)	$ 4,410	$ 3,655	$ 5,356	$ 3,375
Net position beginning of year	44,669	45,615	48,284	52,694	92,953	98,309
Net position at end of year	$ 45,615	$ 45,335	$ 52,694	$ 56,349	$ 98,309	$ 101,684

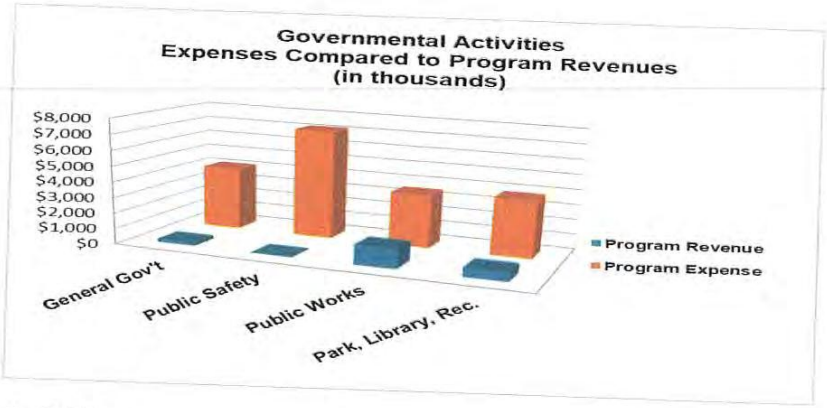
Governmental activities

Net position of the governmental activities decreased by $280 thousand during 2023.

The sales and use tax revenue increased 2.8%. Investment earnings had a 316.9% increase for 2023 compared to 2022.

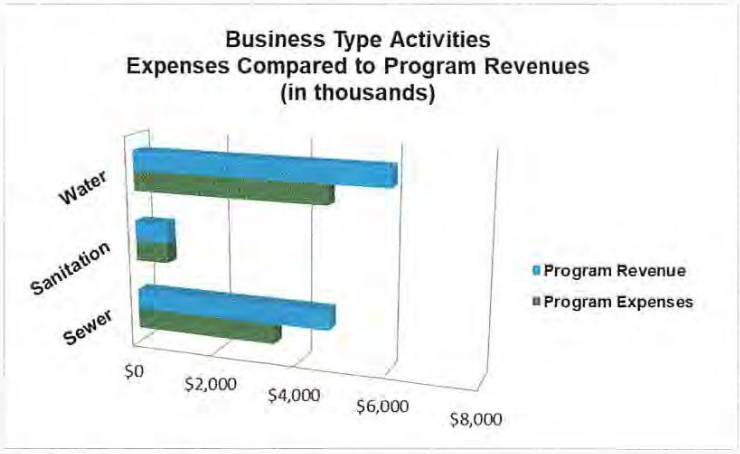


Expenses Compared to the Revenue presents the cost and revenue of each of the City's four largest programs – general government, public safety, public works and parks, library and recreation. The difference between the revenue and expense shows the financial burden that was placed on the City's taxpayers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



Business-type Activities

Net position in Business-type Activities increased by $3.7 million in 2023. 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 2023, the City of Sterling's General Fund reported an ending fund balance of $6.8 million, which was an increase of $22 thousand from January 1, 2023. Of that fund balance, $6.5 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 $286 thousand.

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

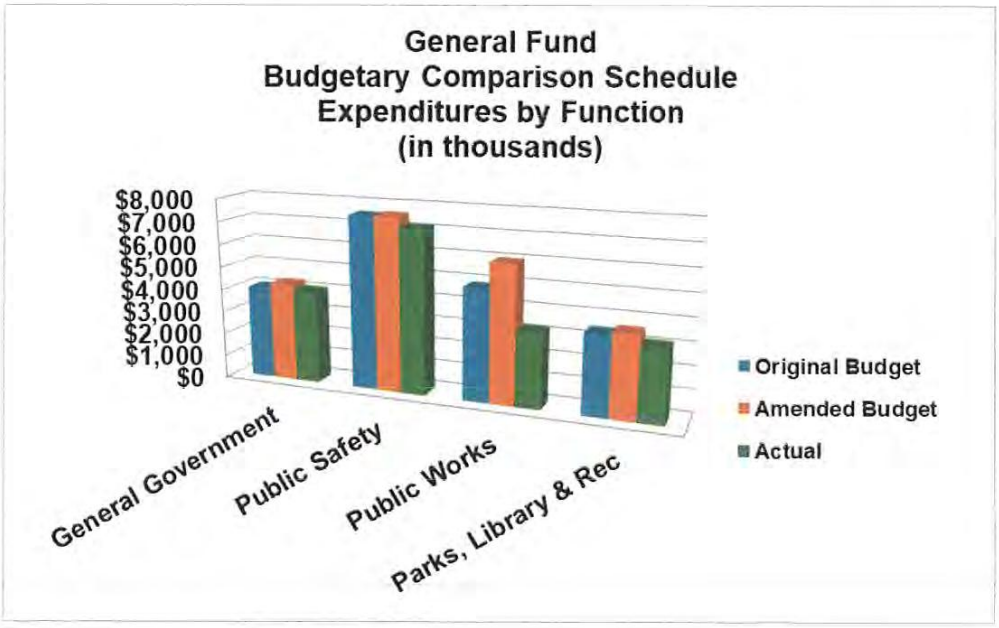
The three Enterprise Funds had a combined increase in net position of $3.6 million. The Sewer Fund increased by $1.7 million, the Sanitation Funds increased by $25 thousand, and the Water Fund had an increase of $1.9 million. The increases in the Water and Sewer Fund were for future loan payments.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of 2023, the City amended the General Fund budget one time. 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 $20 million; and the final budgeted amount was $21.5 million. The main components of the increase were:

- DOLA Housing Grant - $20 thousand.
- Nuisance Cleanup - $35 thousand.
- Carryover from 2022 street programs not completed - $932 thousand.
- Donations received for PLR - $20 thousand.
- 2023 Flood - $107 thousand.
- Increase of utilities and gas due to the economy $56 thousand.

In order to consider the additional appropriations, the budgeted revenues were also amended. The original budgeted revenues for the General Fund were $17.5 million; the final budgeted amount was $17.8 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 $3.8 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.

- The street program had $1.1 million unspent funds for completion in 2023.

- Airport Maintenance Project $1.2 million.

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, 2023, amounts to $101million (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 56-59, of the financial statements.

CITY OF STERLING
CAPITAL ASSETS ON DECEMBER 31, 2023
(net of depreciation, in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2023	2022	2023	2022	2023
Land	$ 2,078	$ 2,228	$ 1,270	$ 1,270	$ 3,348	$ 3,498
Construction in Progress	293	129	20,127	23,309	20,420	23,438
Water rights	-	-	726	726	726	726
Buildings	6,102	5,839	1,470	1,404	7,572	7,243
Equipment	4,381	4,633	595	482	4,976	5,115
Improvements	7,748	7,368	39,326	39,169	47,074	46,537
Infrastructure	14,382	14,460	-	-	14,382	14,460
Total	$ 34,984	$ 34,657	$ 63,514	$ 66,360	$ 98,498	$ 101,017

The major capital asset addition during 2023 was the continuation of the Wastewater Treatment Project, shown under construction in progress of the Business Type Activities.

Long-term debt. The City had $77.4 million in debt outstanding at year-end 2023. 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	
	2022	2023	2022	2023	2022	2023
CWRPDA Loan – Water	$ -	$ -	$ 15,457	$ 14,035	$ 15,457	$ 14,035
CWRPDA Loan #1 - Sewer	-	-	31,862	30,920	31,862	30,920
CWRPDA Loan #2 – Sewer	-	-	-	26,000	-	26,000
CWRPDA Green Loan - Sewer	-	-	-	3,000	-	3,000
CWRPDA Revolving Loan - Sewer	-	-	-	1,500	-	1.500
Premium on notes – Water	-	-	342	306	342	306
Premium on notes - Sewer	-	-	760	733	760	733
Fire Truck Lease	129	66	-	-	129	66
Compensated Absences	718	746	82	100	800	846
TOTAL	$ 847	$ 812	$ 48,503	$ 76,594	$ 49,350	$ 77,406

ECONOMIC FACTORS AND THE 2023 BUDGET

In preparing the 2024 Budget, the City took into consideration the current economy. The 2024 adopted expenditure budget was appropriated at $21.1 million for the General Fund, which was $400 thousand less than the final 2023 budget. The adopted revenue budget for 2024 was $19.2 million, which was $1.4 million more than the final budget for 2023.

The City is being cautious with its spending in 2024. The budget is being monitored on a monthly basis; the 2024 revenues and expenditures to the same month in 2023.

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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	$ 696,829	$ 673,885	$ 1,370,714
Cash with county treasurer	14,005		14,005
Certificates of deposit		109,833	109,833
Investments	12,806,592	17,892,909	30,699,501
Receivables	2,693,914	1,250,810	3,944,724
Internal balances	26,224	(26,224)	-
Inventory		384,090	384,090
Prepaid items	154,559		154,559
Restricted cash		49,402,315	49,402,315
Land, construction in progress, water rights	2,357,227	25,305,137	27,662,364
Capital assets, net of depreciation	32,299,977	41,055,254	73,355,231
Total assets	51,049,327	136,048,009	187,097,336
Deferred outflows of resources			
Pension deferrals	2,097,354		2,097,354
Total assets and deferred outflows of resources	$ 53,146,681	$ 136,048,009	$ 189,194,690

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

Component Unit
$ 552,070
5,546,022
32,357
6,130,449
$ 6,130,449

(continued)

CITY OF STERLING, COLORADO
Statement of Net Position
December 31, 2023

(continued)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	$ 476,242	$ 861,637	$ 1,337,879
Accrued salaries and benefits	350,743	48,029	398,772
Accrued interest payable	2,457	695,571	698,028
Unearned revenues	3,474,127	1,500,000	4,974,127
Noncurrent liabilities			
Due within one year	105,776	2,653,136	2,758,912
Due in more than one year	705,785	73,940,540	74,646,325
Net pension liability	1,339,129		1,339,129
Total liabilities	6,454,259	79,698,913	86,153,172
Deferred inflows of resources			
Property taxes levied in advance	1,288,616		1,288,616
Pension deferrals	68,958		68,958
Total deferred inflows of resources	1,357,574	-	1,357,574
Net position			
Net investment in capital assets	34,591,428	37,682,721	72,274,149
Restricted for emergencies	545,000		545,000
Restricted for culture and recreation	1,610,344		1,610,344
Restricted for system improvements		86,701	86,701
Unrestricted	8,588,076	18,579,674	27,167,750
Total net position	45,334,848	56,349,096	101,683,944
Total liabilities, deferred inflows of resources and net position	$ 53,146,681	$ 136,048,009	$ 189,194,690

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

Component Unit
$ 1,250
1,250
-
6,129,199
6,129,199
$ 6,130,449

CITY OF STERLING, COLORADO
Statement of Activities
For the Year Ended December 31, 2023

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	$ 4,120,585	$ 188,639	$ 24,612	
Public safety	7,148,351	52,448	4,218	
Public works	3,505,500	453,859	821,742	
Health and welfare	213,427	130,836		
Culture and recreation	3,577,049	225,564	243,497	$ 2,500
Interest on long-term debt	2,457			
Total governmental activities	18,567,369	1,051,346	1,094,069	2,500
Business-type activities				
Water services	4,635,773	6,004,728		23,160
Sanitation services	799,283	791,845		
Sewer services	3,403,628	4,681,771		19,367
Total business-type activities	8,838,684	11,478,344	-	42,527
Total primary government	$ 27,406,053	$ 12,529,690	$ 1,094,069	$ 45,027
Component unit				
Sterling Urban Renewal Authority	$ 150,997	$ -	$ -	$ -
General revenues				
Taxes				
Property taxes, levied for general purposes				
Specific ownership taxes				
Sales and use taxes				
Franchise taxes				
Other taxes				
Unrestricted earnings on investments				
Miscellaneous				
Total general revenues				
Change in net position				
Net position at beginning of year				
Net position at end of year				

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

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
$ (3,907,334)		$ (3,907,334)	
(7,091,685)		(7,091,685)	
(2,229,899)		(2,229,899)	
(82,591)		(82,591)	
(3,105,488)		(3,105,488)	
(2,457)		(2,457)	
(16,419,454)	$ -	(16,419,454)	
	1,392,115	1,392,115	
	(7,438)	(7,438)	
	1,297,510	1,297,510	
-	2,682,187	2,682,187	
(16,419,454)	2,682,187	(13,737,267)	
			$ (150,997)
1,360,532		1,360,532	
148,472		148,472	
9,955,551		9,955,551	
752,836		752,836	
200,244		200,244	609,693
675,256	877,256	1,552,512	202,359
3,046,802	95,305	3,142,107	
16,139,693	972,561	17,112,254	812,052
(279,761)	3,654,748	3,374,987	661,055
45,614,609	52,694,348	98,308,957	5,468,144
$ 45,334,848	$ 56,349,096	$ 101,683,944	$ 6,129,199

CITY OF STERLING, COLORADO
Balance Sheet
Governmental Funds
December 31, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash	$ 549,175	$ 61,802	$ 610,977
Cash with county treasurer	14,005		14,005
Investments	8,909,050	2,234,206	11,143,256
Due from other funds	7,936		7,936
Property taxes receivable	1,288,616		1,288,616
Other taxes receivable	1,046,702		1,046,702
Other receivables	334,770	21,028	355,798
Special assessments receivable	532		532
Prepaid items	154,559		154,559
Total assets	$ 12,305,345	$ 2,317,036	$ 14,622,381
Liabilities			
Due to other funds		$ 7,936	$ 7,936
Accounts payable	$ 440,127	33,519	473,646
Accrued salaries and benefits	332,640		332,640
Deposits	5,814		5,814
Unearned revenue	14,250		14,250
Unearned grant revenue	3,454,063		3,454,063
Total liabilities	4,246,894	41,455	4,288,349
Deferred inflows of resources			
Deferred property tax revenues	1,288,616		1,288,616
Total deferred inflows of resources	1,288,616	-	1,288,616
Fund balance			
Nonspendable - prepaid items	154,559		154,559
Restricted for culture and recreation		1,610,344	1,610,344
Committed to capital improvements		416,701	416,701
Committed to culture and recreation	131,495		131,495
Committed to health and welfare		248,536	248,536
Unassigned	6,483,781		6,483,781
Total fund balance	6,769,835	2,275,581	9,045,416
Total liabilities, deferred inflows of resources and fund balance	$ 12,305,345	$ 2,317,036	$ 14,622,381

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, 2023

Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance - governmental funds	$ 9,045,416
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	29,705,777
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(718,503)
Pension liabilities and deferrals used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	689,267
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.	6,612,891
Net position of the governmental activities	$ 45,334,848

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, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ 12,230,641	$ 186,994	$ 12,417,635
Licenses and permits	243,278		243,278
Intergovernmental	2,933,102	191,441	3,124,543
Charges for services	311,471	18,250	329,721
Fines and forfeitures	69,366		69,366
Earnings on investments	468,961	115,324	584,285
Miscellaneous	1,397,479	30,330	1,427,809
Total revenues	17,654,298	542,339	18,196,637
Expenditures			
Current			
General government	4,074,688	310	4,074,998
Public safety	7,143,059		7,143,059
Public works	3,268,227		3,268,227
Health and welfare	202,660	24,010	226,670
Culture and recreation	2,957,310	428,683	3,385,993
Total expenditures	17,645,944	453,003	18,098,947
Excess of revenues over (under) expenditures	8,354	89,336	97,690
Other financing sources (uses)			
Transfers in	13,720		13,720
Transfers out		(13,720)	(13,720)
Total other financing sources (uses)	13,720	(13,720)	-
Net change in fund balance	22,074	75,616	97,690
Fund balance at beginning of year	6,747,761	2,199,965	8,947,726
Fund balance at end of year	$ 6,769,835	$ 2,275,581	$ 9,045,416

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, 2023

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - governmental funds	$	97,690
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 ($1,224,862) exceeded capital outlays ($662,334) in the current period.		(562,528)
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.		35,350
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).		(22,076)
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.		171,803
Change in net position of governmental activities	$	(279,761)

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

CITY OF STERLING, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Assets			
Current assets			
Cash	$ 243,851	$ 206,656	$ 223,378
Certificates of deposit			109,833
Investments	8,737,094	710,561	8,445,254
Receivables	600,046	94,182	556,582
Inventory	320,285	18,561	45,244
Total current assets	9,901,276	1,029,960	9,380,291
Noncurrent assets			
Restricted cash with fiscal agent	86,701		49,315,614
Land, construction in progress and water rights	1,883,286	178	23,421,673
Capital assets, net of depreciation	35,732,319	42,203	5,280,732
Total noncurrent assets	37,702,306	42,381	78,018,019
Total assets	$ 47,603,582	$ 1,072,341	$ 87,398,310

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

Total	Governmental Activities - Internal Service Funds
$ 673,885	$ 85,852
109,833	
17,892,909	1,663,336
1,250,810	2,266
384,090	
20,311,527	1,751,454
49,402,315	
25,305,137	
41,055,254	4,951,427
115,762,706	4,951,427
$ 136,074,233	$ 6,702,881

(continued)

CITY OF STERLING, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2023

(continued)

	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Liabilities			
Current liabilities			
Accounts payable	$ 100,560	$ 9,668	$ 751,409
Accrued salaries and benefits payable	23,385	3,587	21,057
Accrued interest payable	138,805		556,766
Unearned grant revenue			1,500,000
Current portion of compensated absences	1,000	2,000	2,000
Current portion of notes payable	1,445,507		1,202,629
Current portion of financed purchases			
Total current liabilities	1,709,257	15,255	4,033,861
Long-term liabilities			
Accrued compensated absences	47,013	6,872	41,507
Notes payable	12,895,634		60,949,514
Total long-term liabilities	12,942,647	6,872	60,991,021
Total liabilities	14,651,904	22,127	65,024,882
Net position			
Net investment in capital assets	23,274,464	42,381	14,365,876
Restricted for system improvements	86,701		
Restricted for emergencies			
Unrestricted	9,590,513	1,007,833	8,007,552
Total net position	32,951,678	1,050,214	22,373,428
Total liabilities and net position	$ 47,603,582	$ 1,072,341	$ 87,398,310

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

Total	Governmental Activities - Internal Service Funds
$ 861,637	$ 2,596
48,029	18,103
695,571	2,457
1,500,000	
5,000	
2,648,136	
-	65,776
5,758,373	88,932
95,392	27,282
73,845,148	
73,940,540	27,282
79,698,913	116,214
37,682,721	4,885,651
86,701	
-	545,000
18,605,898	1,156,016
56,375,320	6,586,667
$ 136,074,233	$ 6,702,881

Total net position - enterprise funds	$ 56,375,320
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.	(26,224)
Net position of the business-type activities	$ 56,349,096

CITY OF STERLING, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Operating revenues			
Charges for services	$ 6,004,728	$ 791,845	$ 4,681,771
Miscellaneous	8,486		
Total operating revenues	6,013,214	791,845	4,681,771
Operating expenses			
Personnel	762,909	202,357	748,766
Maintenance and supplies	2,076,254	465,211	969,525
Administrative cost allocation	515,287	108,696	308,218
Depreciation and amortization	979,948	25,916	571,412
Claims			
Premiums			
Total operating expenses	4,334,398	802,180	2,597,921
Operating income (loss)	1,678,816	(10,335)	2,083,850
Nonoperating revenues (expenses)			
Earnings on investments	423,776	35,371	418,109
Rents and rights	86,819		
Insurance proceeds			
Federal and state grants			
Debt service interest and fiscal charges	(310,251)		(812,734)
Total nonoperating revenues (expenses)	200,344	35,371	(394,625)
Income before capital contributions	1,879,160	25,036	1,689,225
Capital contributions	23,160		19,367
Change in net position	1,902,320	25,036	1,708,592
Net position at beginning of year	31,049,358	1,025,178	20,664,836
Net position at end of year	$ 32,951,678	$ 1,050,214	$ 22,373,428

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

Total	Governmental Activities - Internal Service Funds
$ 11,478,344	$ 4,915,417
8,486	6,445
11,486,830	4,921,862
1,714,032	578,912
3,510,990	340,782
932,201	
1,577,276	573,526
-	57,236
-	3,371,966
7,734,499	4,922,422
3,752,331	(560)
877,256	90,971
86,819	
-	62,549
-	40,100
(1,122,985)	(2,457)
(158,910)	191,163
3,593,421	190,603
42,527	
3,635,948	190,603
52,739,372	6,396,064
$ 56,375,320	$ 6,586,667

Net change in net position - proprietary funds	$ 3,635,948
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.	18,800
Change in net position of business-type activities	$ 3,654,748

CITY OF STERLING, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Cash flows from operating activities			
Receipts from customers	$ 5,973,985	$ 787,247	$ 4,627,740
Payments to providers			
Payments to claimants			
Payments to suppliers	(2,837,470)	(656,367)	(1,448,980)
Payments to employees	(538,047)	(137,325)	(524,245)
Net cash provided (used) by operating activities	2,598,468	(6,445)	2,654,515
Cash flows from noncapital financing activities			
Insurance proceeds			
Net cash provided by noncapital financing activities	-	-	-
Cash flows from capital and related financing activities			
Capital contributions	23,160		19,367
Receipts from rents and rights	86,819		
Proceeds from issuance of capital debt			30,500,000
Grants			1,500,000
Purchase of capital assets	(670,171)		(3,753,240)
Principal paid on capital debt	(1,422,471)		(941,678)
Interest and fiscal charges paid on capital debt	(354,939)		(485,598)
Net cash provided (used) by capital and related financing activities	(2,337,602)	-	26,838,851

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

Total	Governmental Activities - Internal Service Funds
$ 11,388,972	$ 4,920,781
-	(3,371,949)
-	(57,236)
(4,942,817)	(528,270)
(1,199,617)	(403,996)
5,246,538	559,330
-	200,143
-	200,143
42,527	
86,819	
30,500,000	
1,500,000	40,100
(4,423,411)	(809,442)
(2,364,149)	(63,407)
(840,537)	(4,827)
24,501,249	(837,576)

(continued)

CITY OF STERLING, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

(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	3,675		
Purchase of investments	(315,000)	(5,000)	(750,000)
Net cash provided (used) by investing activities	(311,325)	(5,000)	(750,000)
Net increase (decrease) in cash and cash equivalents	(50,459)	(11,445)	28,743,366
Cash and cash equivalents at beginning of year	381,011	218,101	20,795,626
Cash and cash equivalents at end of year	$ 330,552	$ 206,656	$ 49,538,992
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	$ 1,678,816	$ (10,335)	$ 2,083,850
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	979,948	25,916	571,412
Changes in assets and liabilities			
Receivables	(39,229)	(4,598)	(54,031)
Inventory	(5,942)	(11,262)	(2,023)
Accounts payable	(26,439)	(8,770)	49,581
Accrued salaries and benefits payable	3,605	(1,994)	81
Accrued compensated absences	7,709	4,598	5,645
Net cash provided (used) by operating activities	$ 2,598,468	$ (6,445)	$ 2,654,515
Cash and cash equivalents at end of year consist of:			
Cash	$ 243,851	$ 206,656	$ 223,378
Restricted cash with fiscal agent	86,701		49,315,614
Total	$ 330,552	$ 206,656	$ 49,538,992

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

Total	Governmental Activities - Internal Service Funds
-	250,000
3,675	
(1,070,000)	(175,000)
(1,066,325)	75,000
28,681,462	(3,103)
21,394,738	88,955
$ 50,076,200	$ 85,852
$ 3,752,331	$ (560)
1,577,276	573,526
(97,858)	(1,081)
(19,227)	
14,372	(23,006)
1,692	4,898
17,952	5,553
$ 5,246,538	$ 559,330
$ 673,885	$ 85,852
49,402,315	
$ 50,076,200	$ 85,852

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.

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.

Note A – Summary of significant accounting policies (Continued)

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.

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.

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, except for state and federal grant revenues, which are considered available if collection is expected within six months of 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 assets 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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.

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.

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:

Description	Governmental Activities	Business-type Activities
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:

Years of service	Annual accrual hours	Maximum accrual
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:

Years of service	Annual accrual hours	Maximum accrual
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

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:

Years of service	Annual accrual hours	Maximum accrual
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:

Scheduled Work Periods	Maximum Hours Paid
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.

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.

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

Note A – Summary of significant accounting policies (Continued)

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. The General Fund is the only fund that reports a positive unassigned fund balance amount.

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:

	Restricted Fund Balance	Committed Fund Balance
Culture and recreation – parks	$ 162,914	$ -
Culture and recreation – library	33,265	-
Culture and recreation - beautification	1,414,165	-
Capital improvements	-	416,701
Culture and recreation – museum	-	69,326
Culture and recreation – playground	-	5,201
Culture and recreation – library	-	1,267
Culture and recreation – arts	-	55,701
Health and welfare – cemetery	-	248,536
Totals	$ 1,610,344	$ 796,732

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.

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 $1,901,961, of which $250,000 were insured and $1,651,961 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, 2023, the City had invested $30,699,501 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.

Note B – Cash and investments (Continued)

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

		Investment maturities (in years)		
Investment type	Fair value	Less than 1	1-5	6-10
State investment pool	$ 30,699,501	$30,699,501	$ -	$ -

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:

	Governmental Activities	Business-type Activities	Total Receivables
Utility accounts	$ -	$ 1,250,810	$ 1,250,810
Property taxes	1,288,616	-	1,288,616
Other taxes	1,046,702	-	1,046,702
Other	358,064	-	358,064
Special assessments	532	-	532
Total	$ 2,693,914	$ 1,250,810	$ 3,944,724

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

Note D – Interfund transactions

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

	Interfund Receivables	Interfund Payables
Governmental funds		
General fund	$ 7,936	$ -
Other governmental funds	-	7,936
Totals	$ 7,936	$ 7,936

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

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	$ 13,720

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:

	Beginning Balance	Additions/ Adjustments	Deletions/ Adjustments	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 2,077,771	$ 150,000	$ -	$ 2,227,771
Construction in progress	292,967	347,199	(510,710)	129,456
Total capital assets, not being depreciated	2,370,738	497,199	(510,710)	2,357,227

Note E – Capital assets (Continued)

	Beginning Balance	Addition	Deletions/ Adjustments	Ending Balance
Capital assets, being depreciated:				
Buildings	12,600,675	-	-	12,600,675
Equipment	12,076,762	882,797	-	12,959,559
Improvements	17,535,571	-	-	17,535,571
Infrastructure	29,901,940	91,779	510,710	30,504,429
Total capital assets, being depreciated	72,114,948	974,576	510,710	73,600,234
Total capital assets	74,485,686	1,471,775	-	75,957,461
Less accumulated depreciation for:				
Buildings	(6,498,636)	(263,410)	-	(6,762,046)
Equipment	(7,696,252)	(630,662)	-	(8,326,914)
Improvements	(9,787,877)	(379,584)	-	(10,167,461)
Infrastructure	(15,519,104)	(524,732)	-	(16,043,836)
Total accumulated depreciation	(39,501,869)	(1,798,388)	-	(41,300,257)
Governmental activities capital assets, net	$ 34,983,817	$ (326,613)	$ -	$ 34,657,204
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 1,269,839	$ -	$ -	$ 1,269,839
Construction in progress	20,127,042	3,893,400	(711,531)	23,308,911
Water rights	726,387	-	-	726,387
Total capital assets, not being depreciated	22,123,268	3,893,400	(711,531)	25,305,137
Capital assets, being depreciated				
Buildings	6,171,341	-	-	6,171,341
Equipment	3,955,805	8,453	-	3,964,258
Improvements	66,687,900	521,558	711,531	67,920,989
Total capital assets, being depreciated	76,815,046	530,011	711,531	78,056,588
Total capital assets	98,938,314	4,423,411	-	103,361,725

Note E – Capital assets (Continued)

	Beginning Balance	Addition	Deletions/ Adjustments	Ending Balance
Less accumulated depreciation for:				
Buildings	(4,700,763)	(66,972)	-	(4,767,735)
Equipment	(3,361,195)	(120,818)	-	(3,482,013)
Improvements	(27,362,100)	(1,389,486)	-	(28,751,586)
Total accumulated depreciation	(35,424,058)	(1,577,276)	-	(37,001,334)
Business-type activities capital assets, net	$ 63,514,256	$ 2,846,135	$ -	$ 66,360,391

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

Governmental activities	
General government	$ 64,864
Public safety	71,243
Public works	684,082
Health and welfare	10,984
Culture and recreation	393,689
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.	573,526
Total governmental activities	$ 1,798,388
Business-type activities	
Water	$ 979,948
Sanitation	25,916
Sewer	571,412
Total business-type activities	$ 1,577,276

Note F – Long-term debt

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

	Beginning Balances	Additions	Reductions	Ending Balances	Due within one year
Governmental activities					
Financed purchases	$ 129,183	$ -	$ (63,407)	$ 65,776	$ 65,776
Compensated absences	718,156	27,629*	-	745,785	40,000
Total	$ 847,339	$ 27,629	$ (63,407)	$ 811,561	$ 105,776

The compensated absences and financed purchases attributable to the governmental activities will be liquidated primarily by the General and Capital Replacement Funds.

	Beginning Balances	Additions	Reductions	Ending Balances	Due within one year
Business-type activities					
Notes from direct borrowings	$ 47,318,471	$ 30,500,000	$ (2,364,149)	$ 75,454,322	$ 2,648,136
Premium on notes	1,101,966	-	(63,004)	1,038,962	-
Compensated absences	82,440	17,952*	-	100,392	5,000
Totals	$ 48,502,877	$ 30,517,952	$ (2,427,153)	$ 76,593,676	$ 2,653,136

*The change in the compensated absences liability is presented as a net change.

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.

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 $1,498,391 (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 178% 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.

Note F – Long-term debt (Continued)

Sewer Fund - The City entered into a $26,000,000 note agreement with the Colorado Water Resources and Power Development Authority (the Authority) dated August 1, 2023, due in semi-annual installments ranging from $415,395 to $1,947,500 through 2055. 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, disinfection system, and process control facilities.

Sewer Fund - The City entered into a $3,000,000 note agreement with the Colorado Water Resources and Power Development Authority (the Authority) dated November 7, 2023, due in semi-annual installments of $62,259 through 2053. 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, disinfection system, and process control facilities.

Sewer Fund - The City entered into a $1,500,000 note agreement with the Colorado Water Resources and Power Development Authority (the Authority) dated November 7, 2023, due in semi-annual installments of $39,303 through 2053. 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, disinfection system, and process control facilities.

The loan agreements contain 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 $950,670 (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 217% of the current year's debt service.

Note F – Long-term debt (Continued)

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:

	Governmental Activities		Business-type Activities	
	Financed Purchases		Notes from Direct Borrowings	
Year Ending December 31,	Principal	Interest	Principal	Interest
2024	$ 65,776	$ 2,458	$ 2,648,136	$ 1,970,482
2025	-	-	2,569,722	2,161,335
2026	-	-	2,949,901	2,124,306
2027	-	-	3,004,286	2,063,273
2028	-	-	3,058,722	2,007,789
2029-2033	-	-	14,828,172	8,754,780
2034-2038	-	-	9,185,827	7,278,834
2039-2043	-	-	10,380,238	6,081,623
2044-2048	-	-	12,156,038	4,310,628
2049-2053	-	-	10,963,280	2,219,914
2054-2055	-	-	3,710,000	280,500
Totals	$ 65,776	$ 2,458	$75,454,322	$39,253,464

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 $749,515. CIRSA was organized to be self-sustaining through member contributions with excess coverages being purchased from commercial companies.

Note G – Risk management (Continued)

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

Note H – Pension plans

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

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

	Deferred Outflows	Deferred Inflows	Net Pension Liability	Net Pension Asset	Pension Expense
SWDB – Police	$ 965,683	$ 28,448	$ 128,859	$ -	$ 127,901
SWDB – Fire	934,606	40,510	127,603	-	120,075
Volunteer – Fire	38,914	-	6,644	-	5,600
Old Hire - Fire	158,151	-	1,076,023	-	72,628
Total	$ 2,097,354	$ 68,958	$ 1,339,129	$ -	$ 326,204

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

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. As of January 1, 2023, Statewide Defined Benefit Plan and the Statewide Hybrid Plan have merged to form the Statewide Retirement Plan (SRP) and the Statewide Defined Benefit Plan becomes the Defined Benefit Component of the Statewide Retirement Plan.

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

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).

Note H – Pension plans (Continued)

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

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

Contributions. 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 2022, members of the SWDB plan and their employers are contributing at the rate of 12.0 percent and 9.0 percent, respectively, of pensionable earnings for a total contribution rate of 21.0 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.

Note H – Pension plans (Continued)

The contribution rate for members and employers of affiliated social security employers is 6.0 percent and 4.5 percent, respectively, of pensionable earnings for a total contribution rate of 10.5 percent in 2021. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6.0 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, 2023 were $134,311.

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

At December 31, 2023 the City reported a liability of $128,859 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2022, the City's proportion was .1452 percent, which was a decrease of .0043 percent from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized pension expense of $127,901. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 278,080	$ -
Changes in assumptions and other inputs	182,070	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	63,830	11,943
Difference between expected and actual experience	307,392	16,505
Contributions subsequent to measurement date	134,311	-
Totals	$ 965,683	$ 28,448

Note H – Pension plans (Continued)

$134,311 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2024	$ 78,853
2025	140,643
2026	188,929
2027	255,795
2028	62,150
2029	36,025
2030	22,148
2031	18,381
Totals	$ 802,924

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, 2022. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial valuation date	January 1, 2023	January 1, 2022
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, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

Note H – Pension plans (Continued)

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

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2022 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 & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. 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, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	35%	8.93%
Equity Long/Short	6%	7.47%
Private Markets	34%	10.31%
Fixed Income – Rates	10%	5.45%
Fixed Income – Credit	5%	6.90%
Absolute Return	9%	6.49%
Cash	1%	3.92%
Total	100%	

Note H – Pension plans (Continued)

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.05 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)	$ 888,335	$ 128,859	$ (500,234)

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.

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. As of January 1, 2023, Statewide Defined Benefit Plan and the Statewide Hybrid Plan have merged to form the Statewide Retirement Plan (SRP) and the Statewide Defined Benefit Plan becomes the Defined Benefit Component of the Statewide Retirement Plan.

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

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).

Note H – Pension plans (Continued)

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

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

Contributions. 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 2022, members of the SWDB plan and their employers are contributing at the rate of 12.0 percent and 9.0 percent, respectively, of pensionable earnings for a total contribution rate of 21.0 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.

Note H – Pension plans (Continued)

The contribution rate for members and employers of affiliated social security employers is 6.0 percent and 4.5 percent, respectively, of pensionable earnings for a total contribution rate of 10.5 percent in 2021. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6.0 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, 2023 were $136,665.

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

At December 31, 2023 the City reported a liability of $127,603 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2022, the City's proportion was .1438 percent, which was an increase of .0003 percent from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized pension expense of $120,075. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 299,041	$ -
Changes in assumptions and other inputs	171,990	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	41,515	24,773
Difference between expected and actual experience	285,395	15,737
Contributions subsequent to measurement date	136,665	-
Totals	$ 934,606	$ 40,510

Note H – Pension plans (Continued)

$136,665 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2024	$ 82,134
2025	134,821
2026	179,460
2027	244,301
2028	53,901
2029	28,886
2030	17,333
2031	16,595
Totals	$ 757,431

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, 2022. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial valuation date	January 1, 2023	January 1, 2022
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, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

Note H – Pension plans (Continued)

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

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2022 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 & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. 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, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	35%	8.93%
Equity Long/Short	6%	7.47%
Private Markets	34%	10.31%
Fixed Income – Rates	10%	5.45%
Fixed Income – Credit	5%	6.90%
Absolute Return	9%	6.49%
Cash	1%	3.92%
Total	100%	

Note H – Pension plans (Continued)

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.05 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)	$ 879,677	$ 127,603	$ (495,358)

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.

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, 2022, 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	-
Total	18

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, 2023 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, 2023 the City reported a net pension liability of $6,644. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023.

For the year ended December 31, 2023, the City recognized pension expense of $5,600. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 25,033	$ -
Contributions subsequent to measurement date	13,881	-
Totals	$ 38,914	$ -

$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:

Note H – Pension plans (Continued)

Year Ended December 31,	Amount
2024	$ (2,212)
2025	3,499
2026	8,335
2027	15,411
Totals	$ 25,033

Actuarial assumptions. The total pension liability in the January 1, 2023 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.

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, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	1.00%	3.92%
Fixed Income - Rates	10.00%	5.45%
Fixed Income - Credit	5.00%	6.90%
Absolute Return	9.00%	6.49%
Long Short	6.00%	7.47%
Global Equity	35.00%	8.93%
Private Markets	34.00%	10.31%
Total	100.00%	

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).

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 4.05% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

Changes in the net pension liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a)-(b)
Balances at beginning of year	$ 463,033	$ 521,100	$ (58,067)
Changes for the year			
Service cost	-	-	-
Interest on total pension liability	31,056	-	31,056
Benefit changes	-	-	-
Difference between expected and actual experience	8,647	-	8,647
Changes of assumptions	4,809	-	4,809
Contributions – employer	-	13,881	(13,881)
Contributions – state of Colorado	-	12,064	(12,064)
Net investment income	-	(41,210)	41,210
Benefit and refund payments	(39,420)	(39,420)	-
Administrative expenses	-	(4,934)	4,934
Net changes	5,092	(59,619)	64,711
Balances at end of year	$ 468,125	$ 461,481	$ 6,644

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

	1% Decrease (6.00%)	Current Discount (7.00)	1% Increase (8.00)
Net pension liability (asset)	$ 54,753	$ 6,644	$ (33,828)

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.

Note H – Pension plans (Continued)

Plan membership. At December 31, 2022, 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	-
Total	3

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 $76,696 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, 2023 the City reported a net pension liability of $1,076,023. The net pension liability was measured as of December 31, 2022, 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, 2023, the City recognized pension expense of $72,628. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 81,455	$ -
Contributions subsequent to measurement date	76,696	-
Totals	$ 158,151	$ -

Note H – Pension plans (Continued)

$76,696 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2024	$ 15,644
2025	21,190
2026	25,020
2027	19,601
Totals	$ 81,455

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.

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:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	10.0%	4.4%
Fixed Income - Rates	70.0%	4.9%
Fixed Income - Credit	10.0%	6.6%
Absolute Return	0.0%	6.9%
Long Short	0.0%	6.7%
Global Public Equity	10.0%	8.7%
Private Capital	0.0%	10.2%
Total	100.00%	

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.

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 4.05% (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 (a)	Plan Fiduciary Position (b)	Net Pension Liability (a)-(b)
Balances at beginning of year	$ 1,635,856	$ 629,141	$ 1,006,715
Changes for the year			
Service cost	-	-	-
Interest on the total pension liability	70,843	-	70,843
Benefit changes	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – employer	-	75,480	(75,480)
Net investment income	-	(70,871)	70,871
Benefit payments	(124,495)	(124,495)	-
Administrative expenses	-	(3,074)	3,074
Net changes	(53,652)	(122,960)	69,308
Balances at end of year	$ 1,582,204	$ 506,181	$ 1,076,023

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:

Note H – Pension plans (Continued)

	1% Decrease (3.50%)	Current Discount (4.50%)	1% Increase (5.50%)
Net pension liability	$ 1,220,969	$ 1,076,023	$ 950,665

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 $230,029.

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

Note I – Deferred compensation plans

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

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

Note J – Stewardship, compliance and accountability

Throughout the year the city council revised the budget through ordinances by adjusting revenue budgets and appropriations in many budgeted funds. The city council appropriated the budget as provided in its home rule charter, whereby the aggregate sum of $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:

Fund	Original Budget Appropriation	Budget as Amended	Actual Expenditures	Variance – Favorable (Unfavorable)
General Fund	$ 19,967,211	$ 21,497,236	$ 17,645,944	$ 3,851,292
Water Fund	7,350,303	7,510,819	5,757,343	1,753,476
Sanitation Fund	833,338	1,493,738	776,264	717,474
Sewer Fund	4,593,278	8,256,039	7,534,161	721,878
Hotel Tax Fund	32,450	118,627	98,375	20,252
Sunset Memorial Gardens Fund	11,000	11,000	9,820	1,180
Perpetual Care Fund	8,440	34,240	27,910	6,330
Conservation Trust Fund	147,000	318,920	328,078	(9,158)
Karl Falch Library Trust Fund	355	2,530	2,230	300
Employee Benefits Fund	2,590,423	2,590,423	2,610,920	(20,497)
Service Center Fund	732,414	737,868	717,803	20,065
Risk Management Fund	830,662	855,662	823,806	31,856
Capital Replacement Fund	814,982	1,086,351	1,071,673	14,678
Capital Improvement Fund	310	310	310	-
Total	$ 37,912,166	$ 44,513,763	$ 37,404,637	$ 7,109,126

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

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 $545,000 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
- Budgetary Comparison Schedule – General Fund
- Notes to Required Supplementary Information

CITY OF STERLING, COLORADO
Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset)
Fire & Police Statewide Defined Benefit Plan - Police
December 31, 2023

	2023	2022	2021	2020
City's proportion of the net pension liability/(asset)	0.1452%	0.1495%	0.1454%	0.1627%
City's proportionate share of the net pension liability/(asset)	$ 128,859	$ (810,137)	$ (315,673)	$ (92,002)
City's covered payroll	$ 1,269,271	$ 1,203,415	$ 1,171,417	$ 1,206,480
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-10.2%	67.3%	26.9%	7.6%
Plan fiduciary net position as a a percentage of the total pension liability/(asset)	97.60%	116.20%	106.70%	101.90%

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

2019	2018	2017	2016	2015	2014
0.1683%	0.1725%	0.1967%	0.2072%	0.2076%	0.2069%
$ 212,804	$ (248,235)	$ 71,075	$ (3,652)	$ (234,301)	$ (185,025)
$ 1,085,459	$ 1,009,287	$ 1,006,672	$ 1,004,303	$ 933,615	$ 898,738
-19.6%	24.6%	7.1%	0.4%	25.1%	20.6%
95.20%	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, 2023

	2023	2022	2021	2020
Contractually required contribution	$ 134,311	$ 113,674	$ 102,291	$ 93,432
Contributions in relation to the contractually required contribution	(134,311)	(113,674)	(102,291)	(93,432)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,417,980	$ 1,269,271	$ 1,203,415	$ 1,171,417
Contributions as a percentage of covered payroll	9.47%	8.96%	8.50%	7.98%

2019	2018	2017	2016	2015	2014
$ 95,916	$ 86,836	$ 80,742	$ 80,534	$ 80,345	$ 74,689
(95,916)	(86,836)	(80,742)	(80,534)	(80,345)	(74,689)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,206,480	$ 1,085,459	$ 1,009,287	$ 1,006,672	$ 1,004,303	$ 933,615
7.95%	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)
Fire & Police Statewide Defined Benefit Plan - Fire
December 31, 2023

	2023	2022	2021	2020
City's proportion of the net pension liability/(asset)	0.1438%	0.1435%	0.1332%	0.1395%
City's proportionate share of the net pension liability/(asset)	$ 127,603	$ (777,604)	$ (289,113)	$ (78,891)
City's covered payroll	$ 1,304,019	$ 1,163,194	$ 1,097,720	$ 1,051,848
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	9.8%	-66.9%	-26.3%	-7.5%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	97.60%	116.20%	106.70%	101.90%

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

2019	2018	2017	2016	2015	2014
0.1557%	0.1589%	0.1731%	0.1723%	0.1713%	0.1783%
$ 196,874	$ (228,623)	$ 62,539	$ (3,037)	$ (193,370)	$ (159,423)
$ 1,006,405	$ 929,538	$ 885,777	$ 835,267	$ 770,525	$ 774,375
19.6%	24.6%	7.1%	0.4%	25.1%	20.6%
95.20%	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, 2023

	2023	2022	2021	2020
Contractually required contribution	$ 136,665	$ 112,566	$ 98,184	$ 85,575
Contributions in relation to the contractually required contribution	(136,665)	(112,566)	(98,184)	(85,575)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,469,019	$ 1,304,019	$ 1,163,194	$ 1,097,720
Contributions as a percentage of covered payroll	9.30%	8.63%	8.44%	7.80%

2019	2018	2017	2016	2015	2014
$ 82,248	$ 80,511	$ 74,363	$ 70,863	$ 66,821	$ 61,642
(82,248)	(80,511)	(74,363)	(70,863)	(66,821)	(61,642)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,051,848	$ 1,006,405	$ 929,538	$ 885,777	$ 835,267	$ 770,525
7.82%	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

	2023	2022	2021
Total pension liability			
Service cost	$ -	$ -	$ 1,524
Interest on the total pension liability	31,056	31,603	33,791
Benefit changes	-	-	-
Differences between expected and actual experience	8,647	-	(26,350)
Changes of assumptions	4,809	-	-
Benefit payments	(39,420)	(39,420)	(39,523)
Net change in total pension liability	5,092	(7,817)	(30,558)
Total pension liability - beginning	463,033	470,850	501,408
Total pension liability - ending (a)	$ 468,125	$ 463,033	$ 470,850
Plan fiduciary net position			
Contributions - employer	$ 13,881	$ 13,404	$ 13,404
Net investment income	(41,210)	67,477	53,904
Benefit payments	(39,420)	(39,420)	(39,523)
Pension plan administrative expenses	(4,934)	(5,149)	(4,708)
State of Colorado supplemental discretionary payment	12,064	21,728	-
Net change in plan fiduciary net position	(59,619)	58,040	23,077
Plan fiduciary net position - beginning	521,100	463,060	439,983
Plan fiduciary net position - ending (b)	$ 461,481	$ 521,100	$ 463,060
City's net pension liability/(asset) - ending (a) - (b)	$ 6,644	$ (58,067)	$ 7,790
Plan fiduciary net position as a percentage of the total pension liability	98.58%	112.54%	98.35%
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.

2020	2019	2018	2017	2016	2015
$ 1,524	$ 2,822	$ 2,822	$ 5,046	$ 5,046	$ 5,331
34,123	35,229	35,503	36,043	36,448	36,897
-	-	-	-	-	-
-	(38)	-	(14,390)	-	245
-	21,620	-	11,855	-	-
(41,220)	(41,220)	(42,720)	(46,520)	(47,270)	(49,320)
(5,573)	18,413	(4,395)	(7,966)	(5,776)	(6,847)
506,981	488,568	492,963	500,929	506,705	513,552
$ 501,408	$ 506,981	$ 488,568	$ 492,963	$ 500,929	$ 506,705
$ 10,738	$ 13,881	$ 13,881	$ 13,881	$ 16,696	$ 12,501
56,262	(23)	55,262	19,972	7,273	26,155
(41,220)	(41,220)	(42,720)	(46,520)	(47,270)	(49,320)
(5,765)	(5,593)	(6,175)	(877)	(2,992)	(987)
12,493	12,493	12,493	15,026	11,251	11,251
32,508	(20,462)	32,741	1,482	(15,042)	(400)
407,475	427,937	395,196	393,714	408,756	409,156
$ 439,983	$ 407,475	$ 427,937	$ 395,196	$ 393,714	$ 408,756
$ 61,425	$ 99,506	$ 60,631	$ 97,767	$ 107,215	$ 97,949
87.75%	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	N/A	N/A

CITY OF STERLING, COLORADO
Schedule of City Contributions
Sterling Volunteer Fire Department Pension Fund
Last 10 Fiscal Years

Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2023	$ 6,369	$ 26,374	$ (20,005)	N/A	N/A
2022	6,369	25,945	(19,576)	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.

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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

	2023	2022	2021
Total pension liability			
Service cost	$ -	$ -	$ -
Interest on the total pension liability	70,843	70,417	72,513
Benefit changes	-	-	-
Differences between expected and actual experience	-	61,723	-
Changes of assumptions	-	-	-
Benefit payments	(124,495)	(120,869)	(117,348)
Net change in total pension liability	(53,652)	11,271	(44,835)
Total pension liability - beginning	1,635,856	1,624,585	1,669,420
Total pension liability - ending (a)	$ 1,582,204	$ 1,635,856	$ 1,624,585
Plan fiduciary net position			
Contributions - employer	$ 75,480	$ 75,480	$ 75,480
Contributions - employee	-	-	-
Net investment income	(70,871)	2,203	48,318
Benefit payments	(124,495)	(120,869)	(117,348)
Pension plan administrative expenses	(3,074)	(1,445)	(2,723)
Net change in plan fiduciary net position	(122,960)	(44,631)	3,727
Plan fiduciary net position - beginning	629,141	673,772	670,045
Plan fiduciary net position - ending (b)	$ 506,181	$ 629,141	$ 673,772
City's net pension liability/(asset) - ending (a) - (b)	$ 1,076,023	$ 1,006,715	$ 950,813
Plan fiduciary net position as a percentage of the total pension liability	31.99%	38.46%	41.47%
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.

2020	2019	2018	2017	2016	2015
$ -	$ -	$ -	$ -	$ -	$ -
96,274	97,872	96,318	97,555	90,203	91,410
-	-	-	-	-	-
(18,715)	-	41,871	-	37,048	-
368,843	-	-	-	81,512	-
(119,114)	(119,240)	(115,767)	(112,395)	(109,122)	(105,943)
327,288	(21,368)	22,422	(14,840)	99,641	(14,533)
1,342,132	1,363,500	1,341,078	1,355,918	1,256,277	1,270,810
$ 1,669,420	$ 1,342,132	$ 1,363,500	$ 1,341,078	$ 1,355,918	$ 1,256,277
$ 75,480	$ 64,508	$ 64,508	$ 50,937	$ 50,937	$ 50,937
-	-	-	-	-	-
74,150	(720)	91,074	34,135	13,088	47,348
(119,114)	(119,240)	(115,767)	(112,395)	(109,122)	(105,943)
(1,794)	(3,616)	(1,253)	(2,915)	(1,360)	(3,978)
28,722	(59,068)	38,562	(30,238)	(46,457)	(11,636)
641,323	700,391	661,829	692,067	738,524	750,160
$ 670,045	$ 641,323	$ 700,391	$ 661,829	$ 692,067	$ 738,524
$ 999,375	$ 700,809	$ 663,109	$ 679,249	$ 663,851	$ 517,753
40.14%	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	N/A	N/A

CITY OF STERLING, COLORADO
Schedule of City Contributions
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)
2023	$ 76,696	$ 76,696	$ -	N/A	N/A
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.

CITY OF STERLING, COLORADO
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes	$ 11,833,616	$ 11,833,616	$ 12,230,641	$ 397,025
Licenses and permits	279,100	279,100	243,278	(35,822)
Intergovernmental	3,749,610	3,765,610	2,933,102	(832,508)
Charges for services	271,450	296,450	311,471	15,021
Fines and forfeitures	61,500	61,500	69,366	7,866
Earnings on investments	75,000	75,000	468,961	393,961
Miscellaneous	1,259,113	1,494,995	1,397,479	(97,516)
Total revenues	17,529,389	17,806,271	17,654,298	(151,973)
Expenditures				
Current				
General government	4,056,759	4,302,441	4,074,688	227,753
Public safety	7,551,590	7,592,882	7,143,059	449,823
Public works	4,883,761	5,999,841	3,268,227	2,731,614
Health and welfare	268,606	268,606	202,660	65,946
Culture and recreation	3,206,495	3,333,466	2,957,310	376,156
Total expenditures	19,967,211	21,497,236	17,645,944	3,851,292
Excess of revenues over (under) expenditures	(2,437,822)	(3,690,965)	8,354	3,699,319
Other financing sources				
Transfers in	12,400	12,400	13,720	1,320
Total other financing sources	12,400	12,400	13,720	1,320
Net change in fund balance	$ (2,425,422)	$ (3,678,565)	22,074	$ 3,700,639
Fund balance at beginning of year			6,747,761	
Fund balance at end of year			$ 6,769,835	

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.

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 – Component Unit Fund

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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, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Taxes				
General property	$ 1,353,466	$ 1,353,466	$ 1,360,532	$ 7,066
Specific ownership	150,000	150,000	148,472	(1,528)
General sales and use	9,600,000	9,600,000	9,955,551	355,551
Franchise	717,000	717,000	752,836	35,836
Employee occupation	13,150	13,150	13,250	100
Total taxes	11,833,616	11,833,616	12,230,641	397,025
Licenses and permits				
Business	30,000	30,000	29,525	(475)
Non-business	249,100	249,100	213,753	(35,347)
Total licenses and permits	279,100	279,100	243,278	(35,822)
Intergovernmental				
Federal and state grants	1,322,167	1,338,167	52,636	(1,285,531)
State shared revenue	485,253	485,253	519,578	34,325
Road and bridge	100,000	100,000	414,152	314,152
Special districts	1,842,190	1,842,190	1,946,736	104,546
Total intergovernmental	3,749,610	3,765,610	2,933,102	(832,508)
Charges for services				
General government	1,150	1,150	4,472	3,322
Public safety	7,850	7,850	4,057	(3,793)
Highways and streets	46,100	71,100	53,909	(17,191)
Health	1,050	1,050		(1,050)
Cemeteries	30,000	30,000	33,748	3,748
Culture and recreation	171,700	171,700	198,819	27,119
Museum fees	13,600	13,600	16,466	2,866
Total charges for services	271,450	296,450	311,471	15,021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Fines and forfeitures				
Court	56,500	56,500	63,198	6,698
Library	5,000	5,000	6,118	1,118
Highways and streets			50	50
Total fines and forfeitures	61,500	61,500	69,366	7,866
Earnings on investments	75,000	75,000	468,961	393,961
Miscellaneous				
Rents	63,920	63,920	81,032	17,112
Fuel sales	215,000	260,000	278,409	18,409
Contributions			28,249	28,249
Refunds of expenditures			1,586	1,586
Administrative cost reimbursement	932,193	932,193	932,201	8
Miscellaneous	48,000	238,882	76,002	(162,880)
Total miscellaneous	1,259,113	1,494,995	1,397,479	(97,516)
Total revenues	$ 17,529,389	$ 17,806,271	$ 17,654,298	$ (151,973)

CITY OF STERLING, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
General government				
City council	$ 51,813	$ 158,950	$ 172,201	$ (13,251)
City manager	423,782	431,250	348,729	82,521
City attorney	256,527	256,527	256,123	404
Municipal court	135,896	135,896	134,131	1,765
Finance department	738,727	770,224	693,995	76,229
City hall and non-departmental	2,128,673	2,216,553	2,162,482	54,071
Personnel	321,341	333,041	307,027	26,014
Total general government	4,056,759	4,302,441	4,074,688	227,753
Public safety				
Police department	3,421,731	3,453,831	3,043,817	410,014
Dispatch center	1,177,000	1,179,927	1,102,321	77,606
Fire department	2,135,529	2,136,294	2,182,881	(46,587)
Ambulance services	817,330	822,830	814,040	8,790
Total public safety	7,551,590	7,592,882	7,143,059	449,823
Public works				
Street division	2,392,802	3,384,747	2,154,748	1,229,999
Administration	691,223	751,708	662,225	89,483
Charging station		20,650	19,077	1,573
Airport	1,799,736	1,842,736	432,177	1,410,559
Total public works	4,883,761	5,999,841	3,268,227	2,731,614
Health and welfare				
Cemetery	268,606	268,606	202,660	65,946
Culture and recreation				
Museum	384,590	429,741	372,494	57,247
Parks	573,165	574,965	567,559	7,406
Recreation center	879,188	881,688	749,333	132,355
Forestry	212,593	212,593	207,491	5,102
Recreation division	482,649	493,349	406,580	86,769
Library	674,310	741,130	653,853	87,277
Total culture and recreation	3,206,495	3,333,466	2,957,310	376,156
Total expenditures	$ 19,967,211	$ 21,497,236	$ 17,645,944	$ 3,851,292

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.

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, 2023

	Special Revenue Funds		
	Conservation Trust Fund	Perpetual Care Fund	Karl Falch Library Fund
Assets			
Cash		$ 5,636	$ 3,101
Investments	$ 180,491	236,994	30,164
Receivables			
Total assets	$ 180,491	$ 242,630	$ 33,265
Liabilities and fund balance			
Liabilities			
Due to other funds	$ 7,936		
Accounts payable	9,641		
Total liabilities	17,577	$ -	$ -
Fund balance			
Restricted for culture and recreation	162,914		33,265
Committed to capital improvements			
Committed to health and welfare		242,630	
Total fund balance	162,914	242,630	33,265
Total liabilities and fund balance	$ 180,491	$ 242,630	$ 33,265

Special Revenue Funds			Capital Projects Fund	
Hotel Tax Fund	Sunset Memorial Gardens Fund		Capital Improvement Fund	Total
$ 35,381	$ 900		$ 16,784	$ 61,802
1,381,869	5,006		399,682	2,234,206
20,793			235	21,028
$ 1,438,043	$ 5,906		$ 416,701	$ 2,317,036
				$ 7,936
$ 23,878				33,519
23,878	$ -		$ -	41,455
1,414,165				1,610,344
			416,701	416,701
	5,906			248,536
1,414,165	5,906		416,701	2,275,581
$ 1,438,043	$ 5,906		$ 416,701	$ 2,317,036

CITY OF STERLING, COLORADO
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2023

	Special Revenue Funds		
	Conservation Trust Fund	Perpetual Care Fund	Karl Falch Library Fund
Revenues			
Taxes			
Intergovernmental revenue	$ 191,441		
Earnings on investments	13,729	$ 12,533	$ 1,626
Charges for services			
Miscellaneous		14,810	
Total revenues	205,170	27,343	1,626
Expenditures			
Current			
General government			
Health and welfare		23,910	
Culture and recreation	328,078		2,230
Total expenditures	328,078	23,910	2,230
Excess of revenues over (under) expenditures	(122,908)	3,433	(604)
Other financing uses			
Transfers out		(4,000)	
Total other financing uses	-	(4,000)	-
Net change in fund balance	(122,908)	(567)	(604)
Fund balance at beginning of year	285,822	243,197	33,869
Fund balance at end of year	$ 162,914	$ 242,630	$ 33,265

Special Revenue Funds		Capital Projects Fund	
Hotel Tax Fund	Sunset Memorial Gardens Fund	Capital Improvement Fund	Total
$ 186,994			$ 186,994
			191,441
67,320	$ 2	$ 20,114	115,324
		18,250	18,250
2,500	13,020		30,330
256,814	13,022	38,364	542,339
		310	310
	100		24,010
98,375			428,683
98,375	100	310	453,003
158,439	12,922	38,054	89,336
	(9,720)		(13,720)
-	(9,720)	-	(13,720)
158,439	3,202	38,054	75,616
1,255,726	2,704	378,647	2,199,965
$ 1,414,165	$ 5,906	$ 416,701	$ 2,275,581

CITY OF STERLING, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Intergovernmental revenue	$ 175,000	$ 175,000	$ 191,441	$ 16,441
Earnings on investments	2,500	2,500	13,729	11,229
Total revenues	177,500	177,500	205,170	27,670
Expenditures				
Current				
Culture and recreation	147,000	318,920	328,078	(9,158)
Total expenditures	147,000	318,920	328,078	(9,158)
Net change in fund balance	$ 30,500	$ (141,420)	(122,908)	$ 18,512
Fund balance at beginning of year			285,822	
Fund balance at end of year			$ 162,914	

CITY OF STERLING, COLORADO
Perpetual Care Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Earnings on investments	$ 2,000	$ 2,000	$ 12,533	$ 10,533
Miscellaneous	18,000	18,000	14,810	(3,190)
Total revenues	20,000	20,000	27,343	7,343
Expenditures				
Current				
Health and welfare	440	26,240	23,910	2,330
Total expenditures	440	26,240	23,910	2,330
Excess of revenues over (under) expenditures	19,560	(6,240)	3,433	9,673
Other financing uses				
Transfers out	(8,000)	(8,000)	(4,000)	4,000
Net change in fund balance	$ 11,560	$ (14,240)	(567)	$ 13,673
Fund balance at beginning of year			243,197	
Fund balance at end of year			$ 242,630	

CITY OF STERLING, COLORADO
Karl Falch Library Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Earnings on investments	$ 350	$ 350	$ 1,626	$ 1,276
Total revenues	350	350	1,626	1,276
Expenditures				
Current				
Culture and recreation	355	2,530	2,230	300
Total expenditures	355	2,530	2,230	300
Net change in fund balance	$ (5)	$ (2,180)	(604)	$ 1,576
Fund balance at beginning of year			33,869	
Fund balance at end of year			$ 33,265	

CITY OF STERLING, COLORADO
Hotel Tax Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Hotel lodging tax	$ 175,000	$ 175,000	$ 186,994	$ 11,994
Miscellaneous		2,500	2,500	-
Earnings on investments	11,500	11,500	67,320	55,820
Total revenues	186,500	189,000	256,814	67,814
Expenditures				
Current				
Culture and recreation	32,450	118,627	98,375	20,252
Total expenditures	32,450	118,627	98,375	20,252
Net change in fund balance	$ 154,050	$ 70,373	158,439	$ 47,562
Fund balance at beginning of year			1,255,726	
Fund balance at end of year			$ 1,414,165	

CITY OF STERLING, COLORADO
Sunset Memorial Gardens Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Miscellanoeus	$ 12,400	$ 12,400	$ 13,020	$ 620
Earnings on investments	100	100	2	(98)
Total revenues	12,500	12,500	13,022	522
Expenditures				
Current				
Health and welfare	600	600	100	500
Total expenditures	600	600	100	500
Excess of revenues over (under) expenditures	11,900	11,900	12,922	22
Other financing uses				
Transfers out	(10,400)	(10,400)	(9,720)	680
Net change in fund balance	$ 1,500	$ 1,500	3,202	$ 702
Fund balance at beginning of year			2,704	
Fund balance at end of year			$ 5,906	

CITY OF STERLING, COLORADO
Capital Improvement Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Earnings on investments	$ 4,000	$ 4,000	$ 20,114	$ 16,114
Rents	18,254	18,254	18,250	(4)
Total revenues	22,254	22,254	38,364	16,110
Expenditures				
Current				
General government	310	310	310	-
Total expenditures	310	310	310	-
Net change in fund balance	$ 21,944	$ 21,944	38,054	$ 16,110
Fund balance at beginning of year			378,647	
Fund balance at end of year			$ 416,701	

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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, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	$ 6,267,000	$ 6,267,000	$ 6,004,728	$ (262,272)
Miscellaneous	11,768	11,768	8,486	(3,282)
Total operating revenues	6,278,768	6,278,768	6,013,214	(265,554)
Operating expenses				
Personnel	848,352	848,352	762,909	85,443
Maintenance and supplies	2,586,898	2,768,036	2,076,254	691,782
Administrative cost allocation	515,287	515,287	515,287	-
Capital purchases	1,537,878	1,517,256	670,171	847,085
Total operating expenses	5,488,415	5,648,931	4,024,621	1,624,310
Operating income	790,353	629,837	1,988,593	1,358,756
Nonoperating revenues (expenses)				
Earnings on investments	75,000	75,000	423,776	348,776
Rents and rights	86,938	86,938	86,819	(119)
Principal paid on notes	(1,422,471)	(1,422,471)	(1,422,471)	-
Interest and fiscal charges	(439,417)	(439,417)	(310,251)	129,166
Total nonoperating revenues (expenses)	(1,699,950)	(1,699,950)	(1,222,127)	477,823
Net income (loss) before capital contributions	(909,597)	(1,070,113)	766,466	1,836,579

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Capital contributions	24,500	24,500	23,160	(1,340)
Change in net position	$ (885,097)	$ (1,045,613)	789,626	$ 1,835,239
Adjustments to GAAP Basis				
Add capital purchases			670,171	
Add principal paid on notes			1,422,471	
Deduct depreciation			(979,948)	
Change in net position - GAAP Basis			1,902,320	
Net position at beginning of year			31,049,358	
Net position at end of year			$ 32,951,678	

CITY OF STERLING, COLORADO
Sanitation Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	$ 792,000	$ 792,000	$ 791,845	$ (155)
Total operating revenues	792,000	792,000	791,845	(155)
Operating expenses				
Personnel	305,145	305,145	202,357	102,788
Maintenance and supplies	419,497	421,282	465,211	(43,929)
Administrative cost allocation	108,696	108,696	108,696	-
Capital purchases		658,615		658,615
Total operating expenses	833,338	1,493,738	776,264	717,474
Operating income (loss)	(41,338)	(701,738)	15,581	717,319
Nonoperating revenues				
Earnings on investments	7,000	7,000	35,371	28,371
Total nonoperating revenues	7,000	7,000	35,371	28,371
Change in net position	$ (34,338)	$ (694,738)	50,952	$ 745,690
Adjustments to GAAP Basis				
Deduct depreciation			(25,916)	
Change in net position - GAAP Basis			25,036	
Net position at beginning of year			1,025,178	
Net position at end of year			$ 1,050,214	

CITY OF STERLING, COLORADO
Sewer Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	$ 4,700,500	$ 4,700,500	$ 4,681,771	$ (18,729)
Total operating revenues	4,700,500	4,700,500	4,681,771	(18,729)
Operating expenses				
Personnel	703,545	703,545	748,766	(45,221)
Maintenance and supplies	1,351,246	1,363,640	969,525	394,115
Administrative cost allocation	308,218	308,218	308,218	-
Capital purchases	802,993	4,453,360	3,753,240	700,120
Total operating expenses	3,166,002	6,828,763	5,779,749	1,049,014
Operating income (loss)	1,534,498	(2,128,263)	(1,097,978)	1,030,285
Nonoperating revenues (expenses)				
Earnings on investments	65,000	65,000	418,109	353,109
Note proceeds			30,500,000	30,500,000
Principal paid on notes	(941,678)	(941,678)	(941,678)	-
Interest and fiscal charges	(485,598)	(485,598)	(812,734)	(327,136)
Total nonoperating revenues (expenses)	(1,362,276)	(1,362,276)	29,163,697	30,525,973
Net income (loss) before capital contributions	172,222	(3,490,539)	28,065,719	31,556,258
Capital contributions	11,400	11,400	19,367	7,967
Change in net position	$ 183,622	$ (3,479,139)	28,085,086	$ 31,564,225
Adjustments to GAAP Basis				
Add capital purchases			3,753,240	
Add principal paid on notes			941,678	
Deduct note proceeds			(30,500,000)	
Deduct depreciation and amortization			(571,412)	
Change in net position - GAAP Basis			1,708,592	
Net position at beginning of year			20,664,836	
Net position at end of year			$ 22,373,428	

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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, 2023

	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Assets			
Current assets			
Cash	$ 16,695	$ 37,213	$ 23,254
Investments	203,517	276,047	900,123
Receivables		1,766	500
Total current assets	220,212	315,026	923,877
Noncurrent assets			
Capital assets, net of accumulated depreciation	3,612,997		
Total noncurrent assets	3,612,997	-	-
Total assets	$ 3,833,209	$ 315,026	$ 923,877
Liabilities			
Current liabilities			
Accounts payable		$ 235	
Accrued salaries and benefits payable			
Accrued interest payable	$ 2,457		
Current portion of financed purchases	65,776		
Total current liabilities	68,233	235	$ -
Long-term liabilities			
Accrued compensated absences			
Total long-term liabilities	-	-	-
Total liabilities	68,233	235	-
Net position			
Net investment in capital assets	3,547,221		
Restricted for emergencies			545,000
Unrestricted	217,755	314,791	378,877
Total net position	3,764,976	314,791	923,877
Total liabilities and net position	$ 3,833,209	$ 315,026	$ 923,877

Service Center Fund	Total
$ 8,690	$ 85,852
283,649	1,663,336
	2,266
292,339	1,751,454
1,338,430	4,951,427
1,338,430	4,951,427
$ 1,630,769	$ 6,702,881
$ 2,361	$ 2,596
18,103	18,103
	2,457
	65,776
20,464	88,932
27,282	27,282
27,282	27,282
47,746	116,214
1,338,430	4,885,651
	545,000
244,593	1,156,016
1,583,023	6,586,667
$ 1,630,769	$ 6,702,881

CITY OF STERLING, COLORADO
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2023

	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Operating revenues			
Charges for services	$ 805,456	$ 2,605,174	$ 783,372
Miscellaneous			6,445
Total operating revenues	805,456	2,605,174	789,817
Operating expenses			
Claims			57,236
Premiums		2,606,006	765,960
Personnel			
Maintenance and supplies	196,367	4,914	610
Depreciation and amortization	481,935		
Total operating expenses	678,302	2,610,920	823,806
Operating income (loss)	127,154	(5,746)	(33,989)
Nonoperating revenues (expenses)			
Earnings on investments	20,951	14,581	41,816
Grants	40,100		
Insurance proceeds			62,549
Debt service interest and fiscal charges	(2,457)		
Total nonoperating revenues (expenses)	58,594	14,581	104,365
Change in net position	185,748	8,835	70,376
Net position at beginning of year	3,579,228	305,956	853,501
Net position at end of year	$ 3,764,976	$ 314,791	$ 923,877

Service Center Fund	Total
$ 721,415	$ 4,915,417
	6,445
721,415	4,921,862
	57,236
	3,371,966
578,912	578,912
138,891	340,782
91,591	573,526
809,394	4,922,422
(87,979)	(560)
13,623	90,971
	40,100
	62,549
	(2,457)
13,623	191,163
(74,356)	190,603
1,657,379	6,396,064
$ 1,583,023	$ 6,586,667

CITY OF STERLING, COLORADO
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2023

	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Cash flows from operating activities			
Receipts from customers	$ 805,456	$ 2,604,093	$ 789,817
Payments to providers		(2,605,989)	(765,960)
Payments to claimants			(57,236)
Payments to suppliers	(196,367)	(4,914)	(610)
Payments to employees			
Net cash provided (used) by operating activities	609,089	(6,810)	(33,989)
Cash flows from noncapital financing activities			
Insurance proceeds			200,143
Net cash provided by noncapital financing activities	-	-	200,143
Cash flows from capital and related financing activities			
Sale of assets			
Grants	40,100		
Purchase of capital assets	(809,442)		
Principal paid on capital debt	(63,407)		
Interest and fiscal charges paid on capital debt	(4,827)		
Net cash used by capital and related financing activities	(837,576)	-	-
Cash flows from investing activities			
Sale of investments	230,000	20,000	
Purchase of investments			(160,000)
Net cash provided (used) by investing activities	230,000	20,000	(160,000)
Net change in cash and cash equivalents	1,513	13,190	6,154
Cash and cash equivalents at beginning of year	15,182	24,023	17,100
Cash and cash equivalents at end of year	$ 16,695	$ 37,213	$ 23,254

Service Center Fund	Total
$ 721,415	$ 4,920,781
	(3,371,949)
	(57,236)
(326,379)	(528,270)
(403,996)	(403,996)
(8,960)	559,330
	200,143
-	200,143
	-
	40,100
	(809,442)
	(63,407)
	(4,827)
-	(837,576)
	250,000
(15,000)	(175,000)
(15,000)	75,000
(23,960)	(3,103)
32,650	88,955
$ 8,690	$ 85,852

(continued)

CITY OF STERLING, COLORADO
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2023

(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)	$ 127,154	$ (5,746)	$ (33,989)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation and amortization	481,935		
Changes in operating assets and liabilities			
Accounts receivable		(1,081)	
Accounts payable		17	
Accrued salaries and benefits payable			
Accrued compensated absences			
Net cash provided (used) by operating activities	$ 609,089	$ (6,810)	$ (33,989)

Service Center Fund	Total
$ (87,979)	$ (560)
91,591	573,526
	(1,081)
(23,023)	(23,006)
4,898	4,898
5,553	5,553
$ (8,960)	$ 559,330

CITY OF STERLING, COLORADO
Capital Replacement Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	$ 805,456	$ 805,456	$ 805,456	$ -
Total operating revenues	805,456	805,456	805,456	-
Operating expenses				
Maintenance and supplies	935	935	935	-
Noncapital purchases			195,432	(195,432)
Capital purchases	814,047	1,085,416	809,442	275,974
Total operating expenses	814,982	1,086,351	1,005,809	80,542
Operating loss	(9,526)	(280,895)	(200,353)	80,542
Nonoperating revenues (expenses)				
Earnings on investments	2,500	2,500	20,951	18,451
Grants		40,100	40,100	-
Principal paid on debt obligations			(63,407)	(63,407)
Interest and fiscal charges			(2,457)	(2,457)
Total nonoperating revenues (expenses)	2,500	42,600	(4,813)	(47,413)
Net loss before transfers	(7,026)	(238,295)	(205,166)	33,129
Transfers in	6,000	6,000		(6,000)
Change in net position	$ (1,026)	$ (232,295)	(205,166)	$ 33,129
Adjustments to GAAP Basis				
Add principal paid on debt obligations			63,407	
Add capital purchases			809,442	
Deduct depreciation			(481,935)	
Change in net position - GAAP Basis			185,748	
Net position at beginning of year			3,579,228	
Net position at end of year			$ 3,764,976	

CITY OF STERLING, COLORADO
Employee Benefits Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	$ 2,586,273	$ 2,586,273	$ 2,605,174	$ 18,901
Total operating revenues	2,586,273	2,586,273	2,605,174	18,901
Operating expenses				
Premiums	2,586,273	2,586,273	2,606,006	(19,733)
Maintenance and supplies	4,150	4,150	4,914	(764)
Total operating expenses	2,590,423	2,590,423	2,610,920	(20,497)
Operating loss	(4,150)	(4,150)	(5,746)	(1,596)
Nonoperating revenues				
Earnings on investments	3,000	3,000	14,581	11,581
Total nonoperating revenues	3,000	3,000	14,581	11,581
Change in net position	$ (1,150)	$ (1,150)	8,835	$ 9,985
Net position at beginning of year			305,956	
Net position at end of year			$ 314,791	

CITY OF STERLING, COLORADO
Risk Management Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	$ 775,052	$ 775,052	$ 783,372	$ 8,320
Miscellaneous	2,000	2,000	6,445	4,445
Total operating revenues	777,052	777,052	789,817	12,765
Operating expenses				
Claims	50,000	75,000	57,236	17,764
Premiums	775,052	775,052	765,960	9,092
Maintenance and supplies	5,610	5,610	610	5,000
Total operating expenses	830,662	855,662	823,806	31,856
Operating loss	(53,610)	(78,610)	(33,989)	44,621
Nonoperating revenues (expenses)				
Insurance proceeds	50,000	50,000	62,549	12,549
Earnings on investments	7,000	7,000	41,816	34,816
Total nonoperating revenues (expenses)	57,000	57,000	104,365	47,365
Change in net position	$ 3,390	$ (21,610)	70,376	$ 91,986
Net position at beginning of year			853,501	
Net position at end of year			$ 923,877	

CITY OF STERLING, COLORADO
Service Center Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	$ 721,414	$ 721,414	$ 721,415	$ 1
Total operating revenues	721,414	721,414	721,415	1
Operating expenses				
Personnel	598,152	598,152	578,912	19,240
Maintenance and supplies	134,262	139,716	138,891	825
Total operating expenses	732,414	737,868	717,803	20,065
Operating income (loss)	(11,000)	(16,454)	3,612	20,066
Nonoperating revenues				
Earnings on investments	7,000	7,000	13,623	6,623
Total nonoperating revenues	7,000	7,000	13,623	6,623
Change in net position	$ (4,000)	$ (9,454)	17,235	$ 26,689
Adjustments to GAAP Basis				
Deduct depreciation			(91,591)	
Change in net position - GAAP Basis			(74,356)	
Net position at beginning of year			1,657,379	
Net position at end of year			$ 1,583,023	

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Budgetary Comparison Schedule
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, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Tax increment financing	$ 650,000	$ 650,000	$ 607,920	$ (42,080)
Delinquent taxes and interest			1,773	1,773
Earnings on investments	35,000	35,000	202,359	167,359
Total revenues	685,000	685,000	812,052	127,052
Expenditures				
Grants and contributions	500,000	500,000	103,905	396,095
Legal and professional fees	7,500	7,500	3,000	4,500
County treasurer's fees	14,000	14,000	12,194	1,806
Contribution to LCEDC	15,000	15,000	15,000	-
Improvement projects	145,000	145,000		145,000
Executive director	15,000	15,000	8,750	6,250
Miscellaneous	5,015	5,015	8,148	(3,133)
Total expenditures	701,515	701,515	150,997	550,518
Net change in fund balance	$ (16,515)	$ (16,515)	661,055	$ 677,570
Fund balance at beginning of year			5,468,144	
Fund balance at end of year			$ 6,129,199	

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.

Form Approved
OMB No. 2125-0032

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO
	YEAR ENDING (mm/yy): 12/23
This Information From The Records Of: City of Sterling	Prepared 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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	$ 1,366,357.18
3. Other local imposts (from page 2)	$ 597,628.84
4. Miscellaneous local receipts (from page 2)	$ 34,502.56
5. Transfers from toll facilities	$ -
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	$ -
b. Bonds - Refunding Issues	$ -
c. Notes	$ -
d. Total (a. + b. + c.)	$ -
7. Total (1 through 6)	$ 1,998,488.58
B. Private Contributions	
C. Receipts from State government (from page 2)	$ 368,800.05
D. Receipts from Federal Government (from page 2)	$ -
E. Total receipts (A.7 + B + C + D)	$ 2,367,288.63

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital outlay (from page 2)	$ 1,061,642.16
2. Maintenance:	$ 387,230.79
3. Road and street services:	
a. Traffic control operations	$ 33,000.56
b. Snow and ice removal	$ 221,629.29
c. Other street lighting	$ 204,954.26
d. Total (a. through c.)	$ 459,584.11
4. General administration & miscellaneous	$ 99,333.82
5. Highway law enforcement and safety	$ 359,497.75
6. Total (1 through 5)	$ 2,367,288.63
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	$ -
b. Redemption	$ -
c. Total (a. + b.)	$ -
2. Notes:	
a. Interest	$ -
b. Redemption	$ -
c. Total (a. + b.)	$ -
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)	$ 2,367,288.63

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
		$ 2,367,288.63	$ 2,367,288.63		$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO
	YEAR ENDING (mm/yy): 12/23

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 Assesments		a. Interest on investments	$ -
b. Other local imposts:		b. Traffic Fines & Penalties	$ 34,502.56
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	$ 597,628.84	g. Other Misc. Receipts	$ -
6. Total (1. through 5.)	$ 597,628.84	h. Other	$ -
c. Total (a. + b.)	$ 597,628.84	i. Total (a. through h.)	$ 34,502.56
(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.)	$ 367,111.37	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	$ 1,688.68	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other		f. Other Federal	
f. Total (a. through e.)	$ 1,688.68	g. Total (a. through f.)	$ -
4. Total (1. + 2. + 3.f)	$ 368,800.05	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		$ 1,061,642.16	$ 1,061,642.16
(4). System Enhancement And Operation			$ -
(5). Total Construction (1)+(2)+(3)+(4)	$ -	$ 1,061,642.16	$ 1,061,642.16
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	$ -	$ 1,061,642.16	$ 1,061,642.16
(Carry forward to page 1)			

Notes and Comments:

FORM FHWA-536

STERLING
A Colorado Treasure

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STERLING
A Colorado Treasure

SINGLE AUDIT SECTION

CITY OF STERLING
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

	Federal AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
CWSRF Cluster			
U.S. Environmental Protection Agency			
Passed Through the Colorado Water and Power Development Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.458	W20BX110	$ 3,219,561
U.S. Department of Justice			
Bulletproof Vest Program	16.607	N/A	551
Total Expenditures of Federal Awards			$ 3,220,112

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF STERLING, COLORADO
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Sterling, Colorado under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* for *Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Sterling, Colorado, it is not intended to and does not present the financial position, changes in net position, or cash flows of City of Sterling, Colorado.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual or full accrual basis of accounting, as appropriate. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statement(s) of the federal program. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

City of Sterling, Colorado has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D – Subrecipients

City of Sterling, Colorado did not pass through any federal grants to subrecipients.

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 on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Sterling, Colorado (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
June 19, 2024

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 on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance of Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Sterling, Colorado's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion in expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
June 19, 2024

CITY OF STERLING, COLORADO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Summary of auditors' results

1. The auditors' report expresses an unmodified opinion on the financial statements of City of Sterling, Colorado (the City).

2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards.*

3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.

5. The auditors' report on compliance for the major federal award programs of the City expresses an unmodified opinion on all major federal award programs.

6. The audit did not disclose any findings relative to the major federal award programs of the City.

7. The program tested as major programs included:

   CWSRF Cluster — AL No. 66.458

8. The threshold for distinguishing Types A and B programs was $750,000.

9. The City did not qualify as a low-risk auditee.

Findings – financial statement audit

We noted no findings that are required to be reported under *Government Auditing Standards.*

Findings and questioned costs – major federal award programs audit

We noted no findings or questioned costs that are required to be reported in accordance with the Uniform Guidance.

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STASTICAL 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.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in Capital Assets	$30,638	$32,617	$34,120	$34,729	$34,846	$35,188	$35,650	$35,354	$34,855	$ 34,592
Nonspendable prepaid expenses	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Emergencies	370	420	420	420	420	440	440	470	495	545
Public Safety	637	460	352	142	57	253	162	60	-	-
Culture and recreation	767	710	514	715	952	1,153	1,250	1,384	1,575	1,610
Pensions	-	670	213	155	648	-	171	605	1,646	-
Unrestricted	6,869	6,552	6,056	6,011	5,629	6,114	5,411	6,797	7,044	8,588
Total governmental activities net position	$39,281	$41,429	$41,675	$42,172	$42,552	$43,148	$43,084	$44,670	$45,615	$ 45,335
Business-type activities										
Net investment in Capital Assets	$15,973	$16,714	$20,146	$22,327	$24,324	$24,637	$28,230	$35,885	$35,694	$ 37,683
Restricted for system improvements	1,957	1,957	184	80	81	83	83	83	83	87
Unrestricted	13,678	13,301	12,362	11,235	11,426	16,136	16,477	12,317	16,917	18,580
Total business-type activities net position	$31,608	$31,972	$32,692	$33,642	$35,831	$40,856	$44,790	$48,285	$52,694	$ 56,350
Primary government										
Net investment in Capital Assets	$46,611	$49,331	$54,266	$57,056	$59,170	$59,825	$63,881	$71,239	$70,549	$ 72,274
Nonspendable prepaid expenses	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Emergencies	370	420	420	420	420	440	440	470	495	545
Public Safety	637	460	352	142	57	253	162	60	-	-
Culture and recreation	767	710	514	715	952	1,153	1,250	1,384	1,575	1,610
Pensions	-	670	213	155	648	-	171	605	1,646	-
System Improvements	1,957	1,957	184	80	81	83	82	83	83	87
Unrestricted	20,547	19,853	18,418	17,246	17,055	22,250	21,888	19,114	23,961	27,168
Total primary government net position	$70,889	$73,401	$74,367	$75,814	$78,383	$84,004	$87,874	$92,955	$98,309	$101,684

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	$ 2,664	$ 3,042	$ 2,833	$ 2,772	$ 2,773	$ 2,992	$ 3,113	$ 3,364	$ 3,366	$ 4,121
Public Safety	4,618	4,798	5,448	5,542	5,135	5,457	6,163	5,968	6,160	7,148
Public Works	2,487	1,629	2,503	2,182	2,323	2,315	2,346	2,601	2,805	3,506
Parks, Library, Recreation	2,860	2,497	3,053	3,092	3,216	3,316	3,084	3,094	3,790	3,791
Interest on Long-term debt	49	45	35	24	26	13	10	7	5	2
Total governmental activities expenses	12,678	12,011	13,872	13,612	13,473	14,093	14,716	15,034	16,126	18,568
Business-type activities:										
Water	3,361	4,324	4,241	4,403	4,328	3,935	4,116	4,073	4,271	4,636
Sanitation	476	476	464	504	576	607	693	819	763	799
Sewer	1,851	1,863	2,088	2,344	2,060	2,023	2,518	2,665	2,620	3,403
Total business-type activities expenses	5,688	6,663	6,793	7,251	6,964	6,565	7,327	7,557	7,654	8,838
Total primary government expenses	$18,366	$18,674	$20,665	$20,863	$20,437	$20,658	$22,043	$22,591	$23,780	$27,406
Program Revenue										
Governmental activities:										
Charge for Services - General Government	$ 158	$ 219	$ 198	$ 113	$ 122	$ 207	$ 234	$ 185	$ 256	$ 189
Charge for Services - Public Safety	80	83	76	69	51	47	49	49	46	52
Charge for Services - Public Works	335	225	216	225	246	261	239	352	377	454
Charge for Services - Parks, Library, Rec.	358	318	367	369	337	328	203	319	324	356
Operating grants	818	662	638	669	731	763	702	1,102	883	1,094
Capital grants	1,913	453	548	249	5	186	368	408	107	3
Total governmental activities program revenues	3,662	1,960	2,043	1,694	1,492	1,792	1,795	2,415	1,993	2,148
Business-type activities:										
Charge for Services - Water	5,016	5,003	5,130	5,372	5,829	6,340	6,378	6,220	6,371	6,005
Charge for Services - Sanitation	479	471	609	601	611	669	661	659	799	792
Charge for Services - Sewer	1,736	1,688	1,663	2,053	2,440	4,128	3,987	3,926	4,484	4,682
Operating grants	-	-	-	6	18	-	-	-	-	-
Capital grants	28	81	36	37	52	39	36	14	36	42
Total business-type activities program revenues	7,259	7,243	7,438	8,069	8,950	11,176	11,062	10,819	11,690	11,521
Total primary government program revenues	$10,921	$ 9,203	$ 9,481	$ 9,763	$10,442	$12,968	$12,857	$13,234	$13,683	$13,669

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (expense)/revenue										
Governmental activities	$ (8,349)	$(11,912)	$(11,569)	$(11,779)	$(12,601)	$(12,924)	$(13,239)	$(13,711)	$(16,575)	$(16,420)
Business-type activities	596	450	187	1,105	2,385	3,849	3,505	3,165	2,852	2,683
Total primary government net expense	$ (7,753)	$(11,462)	$(11,382)	$(10,674)	$(10,216)	$ (9,075)	$ (9,734)	$(10,546)	$(13,723)	$(13,737)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property Tax	$ 1,038	$ 1,048	$ 1,095	$ 1,116	$ 1,139	$ 1,149	$ 1,222	$ 1,248	$ 1,350	$ 1,361
Specific Ownership Tax	127	126	119	122	123	139	136	139	143	148
Sales and Use Tax	7,703	7,620	7,427	7,349	7,609	8,236	8,401	9,513	9,688	9,956
Franchise Tax	699	664	632	635	626	614	609	658	773	753
Other Taxes	227	213	158	222	236	225	182	235	233	200
Unrestricted Earnings on Investments	8	14	47	72	137	162	48	4	213	675
Miscellaneous	1,956	2,433	2,501	2,685	2,399	2,372	2,259	2,298	2,555	3,047
Sale of Assets	-	11	-	8	-	-	-	110	124	-
Transfers	93	94	96	92	92	-	-	-	-	-
Total governmental activities	$ 11,851	$ 12,223	$ 12,075	$ 12,301	$ 12,361	$ 12,897	$ 12,857	$ 14,205	$ 15,079	$ 16,140
Business-type activities:										
Unrestricted Earnings on Investments	$ 11	$ 20	$ 74	$ 135	$ 208	$ 266	$ 106	$ 7	$ 272	$ 877
Miscellaneous	12	166	96	89	86	148	94	225	102	95
Sale of Assets	165	27		-	-	-	-	-	-	-
Transfers	(93)	(94)	(96)	(92)	(92)	-	-	-	-	-
Total business-type activities	95	119	74	132	202	414	200	232	374	972
Total primary government	$ 11,946	$ 12,342	$ 12,149	$ 12,433	$ 12,563	$ 13,311	$ 13,057	$ 14,437	$ 15,453	$ 17,112
Changes in Net Position										
Governmental activities	$ 3,502	$ 311	$ 506	$ 522	$ (240)	$ (27)	$ (382)	$ 494	$ (1,496)	$ (280)
Business-type activities	691	569	261	1,237	2,587	4,263	3,705	3,397	3,226	3,655
Total primary government	$ 4,193	$ 880	$ 767	$ 1,759	$ 2,347	$ 4,236	$ 3,323	$ 3,891	$ 1,730	$ 3,375

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable - prepaid items	$ 85	$ 70	$ 93	$ 124	$ 103	$ 100	$ 96	$ 107	$ 168	$ 155
Restricted for:										
Culture and recreation	140	141	127	127	127	146	136	124	125	131
Unassigned	3,132	3,682	3,144	3,118	3,551	3,878	4,172	5,800	6,455	6,484
Total General Fund	$ 3,357	$ 3,893	$ 3,364	$ 3,369	$ 3,781	$ 4,124	$ 4,404	$ 6,031	$ 6,748	$ 6,770
All other governmental funds										
Nonspendable - prepaid items	$ 155	$ 72	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for:										
Public safety	637	460	352	142	57	253	162	60	-	-
Culture and recreation	768	710	514	715	952	1,153	1,250	1,384	1,575	1,610
Committed to:										
Capital Improvement	841	572	488	509	532	226	61	181	379	417
Health & Welfare	190	185	225	223	237	231	230	237	246	249
Total all other governmental funds	$ 2,591	$ 1,999	$ 1,579	$ 1,589	$ 1,778	$ 1,863	$ 1,703	$ 1,862	$ 2,200	$ 2,276

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue										
Taxes	$ 9,795	$ 9,672	$ 9,432	$ 9,447	$ 9,733	$10,364	$10,550	$11,793	$12,188	$12,418
Licenses and Permits	212	267	251	163	169	252	290	246	307	243
Intergovernmental	4,031	2,572	2,437	2,480	2,269	2,239	2,453	2,806	2,662	3,125
Charges for services	279	259	278	290	280	279	120	253	261	330
Fines and forfeitures	106	105	101	93	72	67	67	65	99	69
Earnings on investments	5	9	27	41	83	110	33	3	150	584
Miscellaneous	989	1,200	1,242	1,358	1,106	1,406	1,102	1,192	1,254	1,427
Total Revenue	$15,417	$14,084	$13,768	$13,872	$13,712	$14,717	$14,615	$16,358	$16,921	$18,196
Expenditures										
General Government	$ 2,658	$ 3,140	$ 3,036	$ 2,765	$ 2,636	$ 3,213	$ 3,339	$ 3,301	$ 3,275	$ 4,075
Public Safety	4,761	5,335	5,397	5,303	5,299	5,530	5,603	5,967	6,545	7,143
Public Works	4,628	2,757	3,152	2,898	2,152	2,872	2,594	2,131	2,524	3,268
Cemetery	237	184	203	235	223	237	281	252	263	226
Recreation	2,348	2,607	2,789	2,521	2,663	2,837	2,936	3,031	3,433	3,386
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Expenditures	$14,632	$14,023	$14,577	$13,722	$12,973	$14,689	$14,753	$14,682	$16,040	$18,098
Excess of revenues over (under) expenditures	$ 785	$ 61	$ (809)	$ 150	$ 739	$ 28	$ (138)	$ 1,676	$ 881	$ 98
Other financing sources (uses)										
Transfers in	$ 1	$ 39	$ 1	$ 5	$ 2	$ 480	$ 110	$ 13	$ 14	$ 14
Transfers out	(140)	(155)	(141)	(140)	(140)	(80)	(10)	(13)	(14)	(14)
Sale of land and buildings	-	-	-	-	-	-	158	110	173	-
Total other financing sources (uses)	$ (139)	$ (116)	$ (140)	$ (135)	$ (138)	$ 400	$ 258	$ 110	$ 173	$ -
Net change in fund balances	$ 646	$ (55)	$ (949)	$ 15	$ 601	$ 428	$ 120	$ 1,786	$ 1,054	$ 98
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%

[1]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
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
2023	$ 1,361	$ 9,402	$ 400	$ 154	$ 753	$ 200	$ 148	$ 12,418
Change 2014-2023	31%	29%	36%	22%	8%	-6%	9%	



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

Fiscal Year	City of Sterling	Overlapping Governments			
		Logan County	RE-1 Valley School District	Other	Total
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
2023	14.027	17.942	31.327	2.000	65.296

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
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
2023	$49,863	$81,773	$2,447	$28,447	$60,549	$426	$9,707	$144,857

Source: Logan County Assessor. Information for Logan County.

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

Fiscal Year	City of Sterling	Logan County	South Platte Rural Transportation Auth	State of Colorado
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%
2023	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]	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Agriculture, Forestry & Fishing	$8	$19	$71	$50	$11	$11	$10	$13	$13	$12
Mining	$8	$11	$12	$1	$3	$2	$3	$4	$3	$2
Construction	$57	$59	$79	$64	$59	$54	$77	$75	$63	$96
Manufacturing	$163	$169	$158	$160	$178	$258	$283	$290	$334	$365
Transportation & Public Utilities	$628	$608	$542	$570	$590	$571	$516	$566	$650	$656
Wholesale Trade	$516	$332	$228	$968	$285	$389	$295	$305	$349	$450
Retail Trade	$5,149	$5,386	$5,257	$4,638	$5,439	$5,768	$6,065	$6,649	$6,778	$7,045
Finance, Insurance & Real Estate	$7	$6	$8	$9	$9	$15	$12	$10	$9	$6
Services	$746	$544	$550	$542	$632	$640	$555	$658	$713	$711

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

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	$ 17,462	$17,677	$18,520	$18,627	$20,163	$20,584	$20,692	$23,186	$23,183	$23,433
Debt applicable to limit	899	834	564	322	430	341	249	190	129	66
Legal Debt Margin	$ 16,563	$16,843	$17,956	$18,305	$19,733	$20,243	$20,443	$22,996	$23,054	$23,367

Legal Debt Margin Calculation for Fiscal Year 2023

Actual valuation	$ 781,103	
Debt limit - 3% of actual valuation		$23,433
Amount of debt outstanding	$ 76,559	
Less deductions allowed:		
Sewer Loan	$ 62,152	
Water Loan	$ 14,341	
Total amount of debt applicable to debt limit		$ 66
Legal Debt Margin		$23,367

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)

	Governmental Activities			Business Type Activities								
				CWRPDA Loans								
Fiscal Year	Service Center Lease	Fire Truck Lease	Air Pack Lease	Sewer Fund #1	Sewer Fund #1	Sewer Green Loan	Sewer Revolving	Water Fund	Total Outstanding Debt	Percentage of Personal Income[1]	Popluation	Total Debt Per Capita
2014	$830	$69	$0	$353	$0	$0	$0	$26,699	$27,951	2.59%	14,203	$1,968
2015	$635	$35	$164	$186	$0	$0	$0	$25,392	$26,412	2.37%	14,182	$1,862
2016	$430	$0	$134	$0	$0	$0	$0	$24,081	$24,645	2.28%	14,166	$1,740
2017	$220	$0	$102	$0	$0	$0	$0	$22,751	$23,073	2.17%	13,988	$1,649
2018	$0	$361	$69	$0	$0	$0	$0	$21,402	$21,832	2.11%	13,971	$1,563
2019	$0	$306	$35	$0	$0	$0	$0	$20,035	$20,376	1.99%	13,976	$1,458
2020	$0	$249	$0	$34,286	$0	$0	$0	$18,642	$53,177	5.34%	13,790	$3,856
2021	$0	$190	$0	$33,577	$0	$0	$0	$17,234	$51,001	4.91%	13,739	$3,712
2022	$0	$129	$0	$32,649	$0	$0	$0	$15,835	$48,613	4.74%	13,867	$3,506
2023	$0	$66	$0	$31,652	$26,000	$3,000	$1,500	$14,341	$76,559	N/A[2]	13,466	$5,685

[1] See demographic economic statistics on page 178 for personal income and population data.

[2] Information for 2023 was not available at the time of the schedule preparation.

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

Governmental Unit	Debt Outstanding	Percentage Applicable	Amount Applicable
City of Sterling Direct Debt	$66	100.00%	$66
City of Sterling Overlapping Debt	$0		$0
Total	$66		$66

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 175.

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]
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	49,736	$1,025,507	2,092	2.9%
2023	13,466	20,619	N/A[5]	N/A[5]	1,996	2.6%

Data sources

[1]US Census Bureau

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

[3]RE-1 School District

[4]Bureau of Labor Statistics; percentage for Logan County

[5]Information for 2023 was not available at the time of the schedule preparation.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function										
General government	16	15	15	14	15	15	14	14	17	14
Public safety										
Police										
Officers	23	20	20	22	22	21	21	20	20	20
Civilians	5	5	6	6	6	6	6	5	3	4
Fire										
Firefighters	22	22	22	22	22	22	22	21	23	22
Civilians	1	1	1	1	1	1	1	1	1	1
Dispatch	7	10	11	11	11	11	11	12	11	12
Parks, Library, Recreation	26	24	25	27	26	31	25	28	25	27
Public Works	14	16	15	15	12	14	15	15	14	13
Water	9	9	9	10	10	11	10	10	9	10
Sanitation	4	4	4	4	3	4	3	4	4	4
Sewer System										
Sewer	1	1	4	4	4	4	4	4	5	4
Wastewater	4	4	5	4	4	4	3	4	4	5
Service Center	6	8	7	6	7	7	7	7	5	7
TOTAL	138	139	144	146	143	151	142	145	141	143

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Physical arrests	641	665	454	753	941	1,023	930	948	740	856
Traffic Accidents	297	257	256	250	228	264	197	184	152	212
Traffic charges	4,014	4,377	4,057	4,433	4,385	5,082	2,337	2,351	2,014	2,505
Fire										
Medical calls	1,743	2,077	1,990	2,034	2,101	2,059	2,093	2,048	2,027	2,117
Fire calls	95	140	116	118	114	90	141	133	147	93
Hazardous Calls	460	103	78	114	101	94	76	63	92	88
Public Works										
Building Permits:										
Residential	7	5	8	4	7	2	2	1	26	1
Non-residential	38	56	68	61	38	89	3	50	3	1
Construction Value:										
Residential[1]	$1,165	$611	$830	$392	$993	$187	$229	$273	$1,934	$70
Non-residential[1]	$1,568	$2,465	$2,562	$2,366	$2,087	$555	$2,820	$750	$12,458	$6,500
Parks, Library, Recreation										
Patrons using Library	47,707	39,507	42,072	36,041	65,730	72,810	26,471	39,252	47,196	45,683
Recreation Division Programs	6	6	6	6	6	9	2	9	9	8
Recreation Division Teams	258	275	266	227	114	256	73	165	197	182
Sanitation										
Compacted refuse (tons)	5,756	5,742	5,842	5,901	5,740	5,763	6,056	5,960	5,308	5,960
Loose collected (tons)	742	801	891	1,058	917	799	949	865	867	865
Water										
Meters Read	57,548	56,513	57,886	57,977	58,837	58,574	57,957	56,704	56,044	59,323
Services Installed	9	29	10	7	10	19	0	1	0	0

Sources: Various city departments.

[1]Information presented in thousands.

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

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	64.97
Streetlights	670	670	670	670	670	670	670	750	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	18	18	18
Park Acreage	116	116	116	116	116	116	116	123	123	123
Open Space Acreage	n/a'	n/a'	n/a'	n/a'	n/a'	n/a'	n/a'	361.5	1266.97	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	9	8	8	8	8	8	8
Pickleball Courts	n/a'	n/a'	n/a'	n/a'	n/a'	n/a'	n/a'	2	3	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	97.51
Fire hydrants	386	386	386	389	389	389	391	392	393	397
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.