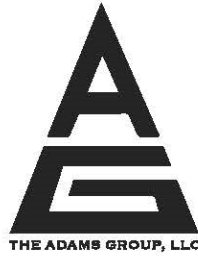


CITY OF SHERIDAN
BASIC FINANCIAL STATEMENTS
December 31, 2019

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Sheridan, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Sheridan Housing Authority, which represents 100% of the City's discretely presented component unit. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the aggregately discretely presented component unit, insofar as it relates to the amounts included for the Sheridan Housing Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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 of Sheridan, Colorado as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions, the Schedules of the District's Proportionate Share of the Net Pension Liability and the Schedules of the District's Contributions and Related Ratios on pages iv through x, and 39 through 40 and pages 41 through 46, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements, the Local Highway Finance Report, and the SEC Rule 15c2-12 Schedules are presented for purposes of additional analysis and legal compliance and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The SEC Rule 15c2-12 Schedules 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.

June 11, 2020
Denver, Colorado

The Adams Group, LLC

CITY OF SHERIDAN MANAGEMENTS' DISCUSSION & ANALYSIS

This discussion and analysis of the City of Sheridan's (City) financial performance provides an overview of the financial activities for the fiscal year ended December 31, 2019. Please read it in conjunction with the City's financial statements. This report also contains other supplementary information in addition to the basic statements themselves.

Financial Highlights

- The ending net position of the City at the close of 2019 was (\$86,900,038) an increase of 5.20% from 2018. This deficit is related to the issuance of Tax Increment Bonds by the Sheridan Redevelopment Agency (SRA) that were used to support the River Point redevelopment project, which will be repaid through future sales tax and PIF revenues.
- At December 31, 2019, the City's governmental funds reported a combined ending fund balance of \$21,489,904 including the SRA and a fund balance of \$10,241,765 without the SRA. Of the non-SRA balance, \$6,370,293 is available for spending at the City's discretion (unassigned fund balance).
- The unassigned fund balance for the General Fund of \$6,370,293 is 62.15% of the total General Fund expenditures, up 33.50% from last year's balance of \$4,771,635.
- Sales Tax Revenue for the General Fund, the City's largest source of general revenue was \$4,095,510 for 2019 as compared to \$3,725,332 for the prior year, an increase of 9.94%. The increase is due to new retail marijuana shops being fully opened and to increased sales in existing retail outlets.

Using this Annual Report

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the City's assets and liabilities, with the difference between the two 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 is improving or deteriorating.

The **statement of activities** reflects how the City's net position changes 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 vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The Governmental activities of the City include general government, public safety (police & fire), streets, code enforcement, planning and economic development, and parks.

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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental funds – Most of the City’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end are available for spending. 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 statements provide a detailed short-term view to cash, the governmental fund operations and the basic services it provides.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary funds – The *enterprise fund* type of proprietary funds is used to report the same functions presented as business-type activities in the government-wide financial statements, but provide more detail and additional information, such as a statement of cash flows. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-38 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City’s defined benefit plans.

The combining statements, referred to earlier in connection with non-major Governmental Funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules and be found on pages 39-46 of this report.

The Sheridan Redevelopment Agency is a component unit and the Sheridan Housing Authority is a discretely presented component unit each with their own audits. For additional information readers should refer to those separately issued financial statements.

Financial Analysis of the City as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, ending net position was (\$86,900,038) on a combined basis at the close of 2019. The SRA accounting for (\$123,476,668) and the City \$36,576,630.

City of Sheridan, Colorado
Condensed Statement of Net Position
December 31,

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and Other assets	\$ 28,148,388	\$ 29,977,310	\$ (30,501)	\$ 30,261	\$ 28,117,887	\$ 30,007,571
Capital assets, not depreciated	773,812	14,803,477	-	-	773,812	14,803,477
Capital assets, net of depreciation	50,270,956	38,900,851	7,414,196	4,151,422	57,685,152	43,052,273
Net pension asset	-	65,293	-	-	-	65,293
Total Assets	79,193,156	83,681,638	7,383,695	4,181,683	86,576,851	87,863,321
Deferred Outflow s of Resources						
Pension related deferred outflow	1,671,884	813,471	-	-	1,671,884	813,471
Deferred charge on refunding	5,170,990	5,696,497	-	-	5,170,990	5,696,497
Deferred derivative instruments	9,235,433	7,618,928	-	-	9,235,433	7,618,928
Total Deferred Outflow s of Resources	16,078,307	14,128,896	-	-	16,078,307	14,128,896
Liabilities						
Current liabilities	962,893	2,345,669	3,589	10,537	966,482	2,356,206
Noncurrent liabilities	182,751,781	185,253,913	-	-	182,751,781	185,253,913
Total liabilities	183,714,674	187,599,582	3,589	10,537	183,718,263	187,610,119
Deferred Inflow s of Resources						
Pension related deferred inflow	28,462	186,096	-	-	28,462	186,096
Unavailable revenue-property taxes	5,808,471	5,931,177	-	-	5,808,471	5,931,177
Total Deferred Inflow s of Resources	5,836,933	6,117,273	-	-	5,836,933	6,117,273
Net Position						
Net investment in capital assets	18,580,012	20,320,842	7,414,196	4,151,422	25,994,208	24,472,264
Restricted						
Reserve/Emergencies	373,000	733,779	-	-	373,000	733,779
Debt service	12,055,690	11,822,622	-	-	12,055,690	11,822,622
Capital projects	995,316	2,916,413	-	-	995,316	2,916,413
Storm w ater	-	-	28,638	77,105	28,638	77,105
Parks and open space	761,758	572,165	-	-	761,758	572,165
Unrestricted	(127,045,920)	(132,272,142)	(62,728)	(57,381)	(127,108,648)	(132,329,523)
Total Net Position	\$ (94,280,144)	\$ (95,906,321)	\$ 7,380,106	\$ 4,171,146	\$ (86,900,038)	\$ (91,735,175)

The City's net investment in capital assets (e.g. land, buildings, infrastructure, vehicles, equipment, etc.) is 29.91% of the City's net position. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

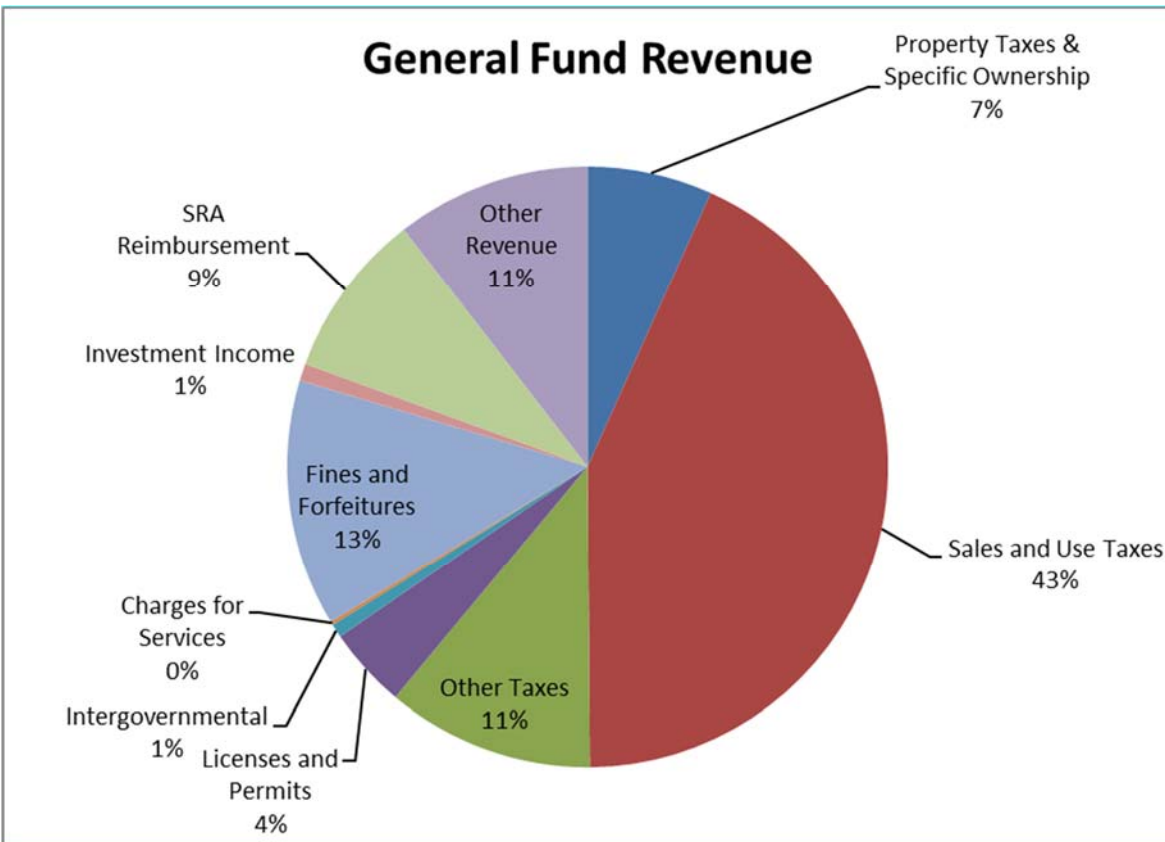
City of Sheridan, Colorado
Condensed Statement of Activities
December 31,

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for Services	\$ 2,423,648	\$ 2,389,044	\$ 90,609	\$ 72,600	\$ 2,514,257	\$ 2,461,644
Operating Grants and Contributions	58,946	77,000	-	-	58,946	77,000
Capital Grants and Contributions	1,154,054	948,996	-	-	1,154,054	948,996
Total Program Revenues	3,636,648	3,415,040	90,609	72,600	3,727,257	3,487,640
General Revenues						
Taxes	18,775,045	17,333,127	-	-	18,775,045	17,333,127
Investment Earnings	509,302	564,677	1,532	1,585	510,834	566,262
Other Revenues	3,688,603	3,570,118	-	-	3,688,603	3,570,118
Transfers	(3,478,028)	-	3,478,028	-	-	-
Total General Revenues	19,494,922	21,467,922	3,479,560	1,585	22,974,482	21,469,507
Total Revenues	23,131,570	24,882,962	3,570,169	74,185	26,701,739	24,957,147
Program Expenses						
General Government	2,329,009	2,086,423	-	-	2,329,009	2,086,423
Public Safety	7,350,086	6,832,620	-	-	7,350,086	6,832,620
Public Works	2,464,873	2,198,306	-	-	2,464,873	2,198,306
Community Development	494,585	421,118	-	-	494,585	421,118
Parks and Open Space	547,957	52,832	-	-	547,957	52,832
Redevelopment Projects	103,316	107,511	-	-	103,316	107,511
Stormwater Operations	-	-	361,209	285,169	361,209	285,169
Interest on Long-Term Debt	8,280,860	8,337,556	-	-	8,280,860	8,337,556
Total Program Expenses	21,570,686	20,036,366	361,209	285,169	21,931,895	20,321,535
Change in Net Position	1,560,884	4,846,596	3,208,960	(210,984)	4,769,844	4,635,612
Net Position, Beginning	(95,841,028)	(100,687,624)	4,171,146	4,382,130	(91,669,882)	(96,305,494)
Net Position, Ending	\$ (94,280,144)	\$ (95,841,028)	\$ 7,380,106	\$4,171,146	\$ (86,900,038)	\$ (91,669,882)

Governmental Activities

Governmental activities increased the City's net position by \$1,560,884.

The following pie chart illustrates the General Fund revenues:



Property taxes increased in 2019 by 11.34%. This was due to an increase in assessed valuation. Sales & Use Taxes increased by 7.63% due to new retail marijuana shops being fully opened and to increased sales in existing retail outlets.

Business-type activities

The Storm Water Enterprise Fund had \$90,609 in revenue and a capital contribution of \$3,478,028 from the SBIP storm water projects finalizing and being transferred to the Storm Water Fund. Storm water also had \$361,209 in expenses. The ending fund balance for 2019 was \$7,380,106.

Financial Analysis of the City's Funds

The City of Sheridan uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Government Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and the balance of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of 2019, the City's General Fund reported an ending fund balance of \$6,940,775, an increase of \$1,233,719 in comparison with the previous year. This increase was primarily due to the increase in sales and use taxes and public safety expenditures coming in under budget. Ninety-two percent of the total fund balance of \$6,370,293 represents

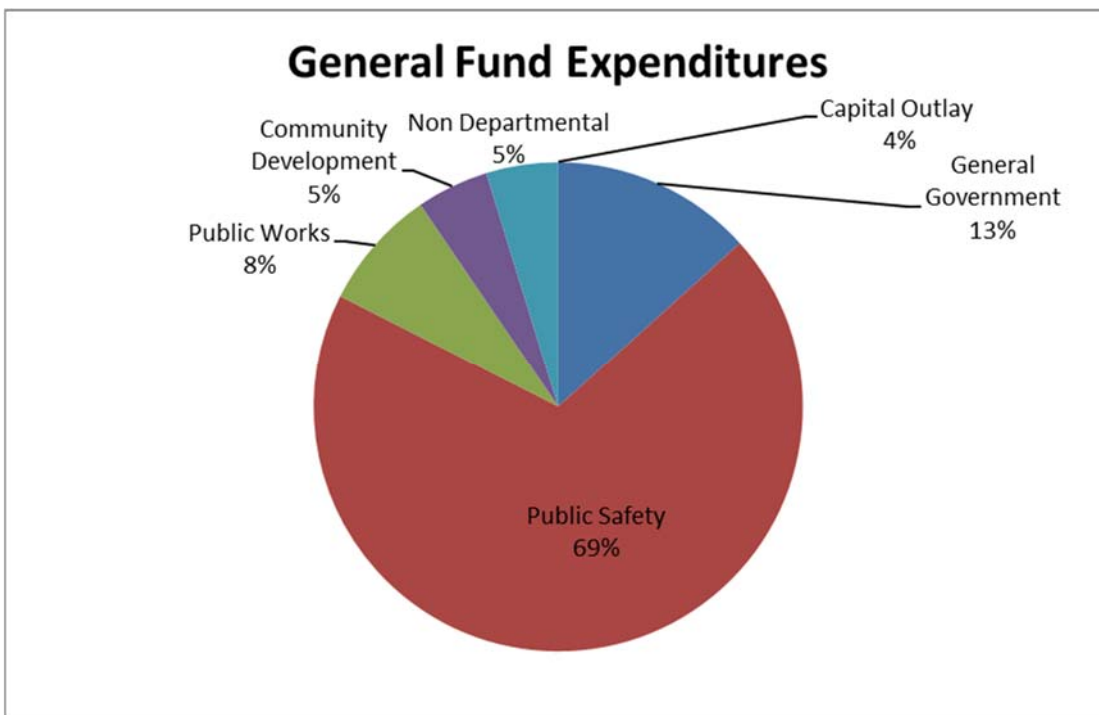
the unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted for emergencies (\$373,000) and prepaid items (\$197,482).

Proprietary Funds

The City's proprietary funds provide the same type of information found in the business-type activities sections of the government-wide financial statements, but in more detail. Restricted net position of the Storm Water Enterprise is \$7,380,106.

General Fund Budgetary Highlights

The General Fund accounts for all of the general government services provided by the City of Sheridan including, City Council, Municipal Court, Community Development, City Clerk, Administration, Public Safety, Public Works and Non Departmental expenditures. The following pie chart illustrates the General Fund Expenditure by type:



Line item budget transfers are allowed within a fund with the approval of the City Manager. Increases in the expenditure budget for any fund must be approved by City Council. The General Fund original budgeted expenditures were \$10,499,024 and final budgeted expenditures were \$10,795,200. Total General Fund expenditures were \$10,250,330, which is within the budgeted amount.

Capital Assets and Debt Administration

Capital Assets

The City of Sheridan's investments in capital assets for its governmental activities as of December 31, 2019 totaled \$51,044,768 (net of accumulated depreciation). This investment in capital assets includes land and easements, building and improvements, infrastructure, machinery and equipment, computers and software, and vehicles. The City's investment in governmental capital assets decreased by 5.0%% and this decrease was due to the transfer of assets to the storm water fund from the SBIP project.

Long-term Debt

In November 2015 the voters approved the City to issue \$31 million in bonds for street and infrastructure improvements. In 2019 \$710,000 in principal was paid for a remaining balance of \$28,555,000. In 2014, the City entered into a new capital lease for the purchase of several pieces of public works equipment totaling \$206,655. Payments made on the Capital Lease totaled \$122,972. The total remaining principal obligation is \$129,039. Of this debt, \$41,649 is due within one year.

Compensated absences increased by \$31,231 for a total of \$281,958. Compensated absences are expected to be liquidated with revenues of the General Fund.

Note 5 of the financial statements provide a more in-depth summary of the City's long-term debt.

Economic Factors and Next Year's Budget and Rates

With projected revenues increasing slightly, the City still continues to use a cautious approach both in estimating anticipated revenue and incurring actual expenditures.

The Sheridan Redevelopment Agency Riverpoint project is progressing. New businesses opened in Riverpoint in 2019 and are expected to continue to open until the space in Riverpoint is completely occupied.

City General Fund expenditures for 2020 are estimated at \$11,892,601 and the Sheridan Redevelopment Agency's are estimated at \$1,422,888.

Request for Information

The financial report is designed to provide a general overview of the City's finances for all those interested in the government's finances. Questions concerning any of the information provided in the report or additional financial information should be addressed to the Finance Director at the City of Sheridan, 4101 S. Federal Blvd., Sheridan, CO 80110 or by calling 303-762-2200.

BASIC FINANCIAL STATEMENTS

CITY OF SHERIDAN, COLORADO
STATEMENT OF NET POSITION
 DECEMBER 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
<u>Assets</u>				
<u>Current Assets</u>				
Cash and investments	\$ 9,755,189	\$ 28,638	\$ 9,783,827	\$ 240,137
Restricted cash and investments	10,829,778	-	10,829,778	-
Accounts receivable	17,679	15,413	33,092	30,939
Taxes receivable	7,273,708	-	7,273,708	-
Prepaid expenses	197,482	-	197,482	-
Internal balances	74,552	(74,552)	-	-
Total Current Assets	<u>28,148,388</u>	<u>(30,501)</u>	<u>28,117,887</u>	<u>271,076</u>
<u>Noncurrent Assets</u>				
Capital assets, not depreciated	773,812	-	773,812	-
Capital assets, net of depreciation	50,270,956	7,414,196	57,685,152	-
Total Noncurrent Assets	<u>51,044,768</u>	<u>7,414,196</u>	<u>58,458,964</u>	<u>-</u>
Total Assets	<u>79,193,156</u>	<u>7,383,695</u>	<u>86,576,851</u>	<u>271,076</u>
<u>Deferred Outflows of Resources</u>				
Pension related deferred outflow	1,671,884	-	1,671,884	-
Deferred charge on refunding	5,170,990	-	5,170,990	-
Liability for derivative instruments	9,235,433	-	9,235,433	-
Total Deferred Outflows of Resources	<u>16,078,307</u>	<u>-</u>	<u>16,078,307</u>	<u>-</u>
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts payable	368,327	3,589	371,916	47,412
Unearned revenues	119,923	-	119,923	-
Accrued interest payable	112,880	-	112,880	-
Accrued remarketing fees	82,217	-	82,217	-
Accrued facility fees	139,055	-	139,055	-
Other liabilities	140,491	-	140,491	-
Total Current Liabilities	<u>962,893</u>	<u>3,589</u>	<u>966,482</u>	<u>47,412</u>
<u>Noncurrent Liabilities</u>				
Due within one year	11,078,561	-	11,078,561	30,187
Due in more than one year	144,946,044	-	144,946,044	-
Accrued interest payable	16,617,906	-	16,617,906	-
Net Pension liability	873,837	-	873,837	-
Liability for derivative instruments	9,235,433	-	9,235,433	-
Total Noncurrent Liabilities	<u>182,751,781</u>	<u>-</u>	<u>182,751,781</u>	<u>30,187</u>
Total Liabilities	<u>183,714,674</u>	<u>3,589</u>	<u>183,718,263</u>	<u>77,599</u>
<u>Deferred Inflows of Resources</u>				
Pension related deferred inflow	28,462	-	28,462	-
Unavailable revenue - property taxes	5,808,471	-	5,808,471	-
Total Deferred Inflows of Resources	<u>5,836,933</u>	<u>-</u>	<u>5,836,933</u>	<u>-</u>
<u>Net Position</u>				
Net investment in capital assets	18,580,012	7,414,196	25,994,208	-
Restricted	14,185,764	28,638	14,214,402	-
Unrestricted (deficit)	(127,045,920)	(62,728)	(127,108,648)	193,477
Total Net Position	<u>\$ (94,280,144)</u>	<u>\$ 7,380,106</u>	<u>\$ (86,900,038)</u>	<u>\$ 193,477</u>

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

CITY OF SHERIDAN, COLORADO
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General Fund	Sheridan Redevelopment Agency Fund	Capital Improvement Fund	Debt Service Fund	Other Governmental Fund	Totals
<u>Assets</u>						
Cash and investments	\$ 6,754,237	\$ 686,594	\$ -	\$ 1,543,916	\$ 770,442	\$ 9,755,189
Restricted cash and investments	-	9,805,571	1,024,207	-	-	10,829,778
Accounts receivable	17,679	-	-	-	-	17,679
Taxes receivable	1,218,639	4,119,299	-	1,935,770	-	7,273,708
Prepaid expenses	197,482	-	-	-	-	197,482
Due from other funds	65,117	-	50,576	-	-	115,693
Total Assets	\$ 8,253,154	\$ 14,611,464	\$ 1,074,783	\$ 3,479,686	\$ 770,442	\$ 28,189,529
<u>Liabilities and Fund Balance</u>						
<u>Liabilities</u>						
Accounts payable	275,218	13,642	\$ 79,467	\$ -	\$ -	\$ 368,327
Unearned revenue	57,491	62,432	-	-	-	119,923
Other liabilities	140,491	-	-	-	-	140,491
Accrued remarketing fees	-	82,217	-	-	-	82,217
Accrued facility fees	-	139,055	-	-	-	139,055
Due to other funds	-	32,457	-	-	8,684	41,141
Total Liabilities	473,200	329,803	79,467	-	8,684	891,154
<u>Deferred Inflows of Resources</u>						
Unavailable revenue - property taxes	839,179	3,033,522	-	1,935,770	-	5,808,471
<u>Fund Balance</u>						
<u>Nonspendable</u>						
Prepaid items	197,482	-	-	-	-	197,482
<u>Restricted</u>						
Debt service	-	10,511,774	-	1,543,916	-	12,055,690
Capital projects	-	-	995,316	-	-	995,316
Emergencies	373,000	-	-	-	-	373,000
Parks and open space	-	-	-	-	761,758	761,758
<u>Assigned for:</u>						
Redevelopment Authority	-	736,365	-	-	-	736,365
Unassigned	6,370,293	-	-	-	-	6,370,293
Total Fund Balance	6,940,775	11,248,139	995,316	1,543,916	761,758	21,489,904
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 8,253,154	\$ 14,611,464	\$ 1,074,783	\$ 3,479,686	\$ 770,442	\$ 28,189,529

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

CITY OF SHERIDAN, COLORADO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
NET POSITION
DECEMBER 31, 2019

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

Total fund balance		\$ 21,489,904
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets	60,541,626	
Accumulated depreciation	(9,496,858)	
		51,044,768

Certain amounts related to the net pension liability are deferred and amortized over time.

Deferred outflows of resources	1,671,884	
Deferred inflows of resources	(28,462)	
		1,643,422

Governmental funds report the effect of deferred charges on debt when it is first issued, whereas these amounts are amortized over the life of the bonds.

5,170,990

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	(32,335,716)	
Component unit bonds payable	(123,277,892)	
Component unit accrued interest payable	(16,617,906)	
Accrued interest - City	(112,880)	
Net pension liability	(873,837)	
Capital leases payable	(129,039)	
Accrued compensated absences	(281,958)	
		(173,629,228)

Net Position of Governmental Activities		\$ <u><u>(94,280,144)</u></u>
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CITY OF SHERIDAN, COLORADO
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	General Fund	Sheridan Redevelopment Agency Fund	Capital Improvement Fund	Debt Service Fund	Other Governmental Fund	Totals
<u>Revenues</u>						
Taxes	\$ 7,370,615	\$ 9,263,504	\$ -	\$ 2,140,926	\$ -	\$ 18,775,045
Licenses and permits	525,200	-	-	-	-	525,200
Intergovernmental	88,907	-	-	-	1,067,036	1,155,943
Charges for services	291,919	-	-	-	-	291,919
Fines and forfeitures	1,606,529	-	-	-	-	1,606,529
Investment earnings	111,251	274,861	50,106	55,221	17,863	509,302
Other income	994,888	2,664,349	-	-	-	3,659,237
Total Revenues	10,989,309	12,202,714	50,106	2,196,147	1,084,899	26,523,175
<u>Expenditures</u>						
General government	1,365,260	249,432	130,181	20,255	-	1,765,128
Public Safety	7,090,457	-	202,216	-	-	7,292,673
Public Works	818,719	-	-	-	-	818,719
Community development	489,044	-	-	-	-	489,044
Non-departmental	486,850	-	-	-	-	486,850
Parks, recreation and open space	-	-	-	-	515,152	515,152
Redevelopment projects	-	103,316	-	-	-	103,316
Capital outlay	-	-	2,245,889	-	380,154	2,626,043
Debt service						
Principal and interest	-	10,594,296	11,457	2,060,425	-	12,666,178
Total Expenditures	10,250,330	10,947,044	2,589,743	2,080,680	895,306	26,763,103
Revenues in excess (deficiency of expenditures)	738,979	1,255,670	(2,539,637)	115,467	189,593	(239,928)
<u>Other financing sources (uses)</u>						
Operating Transfers in	1,083,912	-	594,268	-	-	1,678,180
Operating Transfers out	(594,268)	(1,083,912)	-	-	-	(1,678,180)
Proceeds from sale of assets	5,096	-	-	-	-	5,096
Insurance proceeds	-	-	24,272	-	-	24,272
Total Other Financing Sources (Uses)	494,740	(1,083,912)	618,540	-	-	29,368
Change in Fund Balance	1,233,719	171,758	(1,921,097)	115,467	189,593	(210,560)
Fund Balance, Beginning	5,707,056	11,076,381	2,916,413	1,428,449	572,165	21,700,464
Fund Balance, Ending	\$ 6,940,775	\$ 11,248,139	995,316	1,543,916	\$ 761,758	\$ 21,489,904

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

CITY OF SHERIDAN, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

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

		Total
Net change in fund balances, total governmental funds	\$	(210,560)
<p>Capital outlays to purchase or build capital assets are reported in governmental funds, however, for governmental activities these costs are capitalized in the statement of net assets and are allocated over their estimated useful lives as annual depreciation.</p>		
Capitalized assets	2,626,043	
Contributed capital	57,057	
Depreciation expense	(1,864,630)	
Transfer of assets to enterprise fund	(3,478,028)	
Proceeds from sale of assets	(5,096)	
Gain on disposal of assets	5,094	
		(2,659,560)
<p>Issuances of debt are treated as revenues in the governmental funds, but are recorded as liabilities on the statement of net assets. Repayments of this debt are recorded as expenses in the governmental funds and reduce liabilities on the statement of net assets.</p>		
Amortization of loss on refunding	(525,507)	
Bond principal payments	6,368,723	
Accretion of bond premium	168,388	
Accrued interest-city	(112,880)	
Accrued interest-component unit	(2,263,748)	
Other Principal Payments	750,342	
		4,385,318
<p>Some expenses reported in the statement of activities do not require or provide current financial resources and therefore are not reported as expenditures in the governmental funds</p>		
Change in pension liability		76,917
<p>Accrued compensated absences are expensed when paid in the governmental funds; however, outstanding balances are shown as liabilities on the statement of net assets and expensed when earned for the statement of activities.</p>		
Change in accrued compensated absences		(31,231)
Change in Net Assets of Governmental Activities	\$	1,560,884

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

CITY OF SHERIDAN, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

	<u>Non-Major Storm Water Enterprise</u>
<u>Assets</u>	
Current Assets	
Cash and investments	\$ 28,638
Accounts receivable	15,413
	44,051
Total Current Assets	
Noncurrent Assets	
Capital assets being depreciated	7,414,196
	7,458,247
Total Assets	
<u>Liabilities</u>	
Accounts payable	3,589
Due to other funds	74,552
	78,141
Total Liabilities	
<u>Net Position</u>	
Net investment in capital assets	7,414,196
Restricted	
Stormwater	28,638
Unrestricted	(62,728)
	7,380,106
Total Net Position	
	\$ 7,380,106

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

CITY OF SHERIDAN, COLORADO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2019

	<u>Non-Major Storm Water Enterprise</u>
<u>Operating Revenues</u>	
User charges and fees	\$ 90,609
 <u>Operating Expenses</u>	
Stormwater operations	<u>326,837</u>
Operating (loss)	<u>(236,228)</u>
Nonoperating income (expense)	
Investment income	1,532
lease payments	<u>(34,372)</u>
Total nonoperating income (expense)	<u>(32,840)</u>
Income (loss) before capital contributions	(269,068)
Capital contributions	<u>3,478,028</u>
Changes in Net Position	3,208,960
Fund Balance, Beginning	<u>4,171,146</u>
Fund Balance, Ending	<u><u>\$ 7,380,106</u></u>

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

CITY OF SHERIDAN, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2019

	<u>Non-Major Storm Water Enterprise</u>
Cash Flows from Operating Activities	
Cash received from tenants and others	\$ 86,323
Cash payments to vendors	<u>(118,531)</u>
Net Cash Used by Operating Activities	<u>(32,208)</u>
Cash Flows from Non-Capital Financing Activities	
Amounts loaned to other funds	16,581
Cash Flows from Capital Financing Activities	
Payments of lease	(34,372)
Cash Flows from Investing Activities	
Interest received	<u>1,532</u>
Net (Decrease) in Cash and Cash Equivalents	(48,467)
Cash and Cash Equivalents, Beginning	<u>77,105</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 28,638</u></u>
Reconciliation of net operating (loss) to net cash (used) by operating activities	
Net operating (loss)	\$ (236,228)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities	
Depreciation expense	215,254
Changes in assets and liabilities	
Account receivable	(4,286)
Account payable	<u>(6,948)</u>
Net Cash Used by Operating Activities	<u><u>\$ (32,208)</u></u>

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

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sheridan, Colorado (the “City”) was incorporated in April 1890, as a statutory municipality as defined by Colorado Revised Statutes. The City is governed by a seven member council, two of whom are elected from each of the City’s three wards, and a mayor elected from the City at large. The City enacted a Home Rule Charter in 2002.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The City is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the City officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may also be financially accountable for organizations that are fiscally dependent upon it. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended Component Unit

Based on the application of these criteria, the City includes the Sheridan Redevelopment Agency (“SRA”) in its reporting entity. The SRA is a component unit, established to redevelop identified areas of blight within the City. The Agency is blended into the City’s financial statement as a special revenue fund because the City Council serves as the Board of the Agency and is managed by City staff. The SRA and the City share employees and the City provides certain services to the SRA. For the year ended December 31, 2019, SRA reimbursed the City \$1,083,912 for expenses. Separately issued financial statements can be obtained at the Agency offices, 4101 South Federal Boulevard, Sheridan, Colorado 80110.

Discretely Presented Component Unit

Based upon the application of these criteria, the City includes the Housing Authority of the City of Sheridan (“Housing Authority”) in its reporting entity as a discretely presented component unit. The Housing Authority was established to provide housing assistance to low-income persons residing in the City of Sheridan. The City Council serves as the Board of the Housing Authority. Separately issued financial statements, including the reports related to the Housing Authority’s Federal Single Audit can be obtained at the Housing Authority offices, 3460 South Sherman Street, Suite 101, Englewood, Colorado 80110.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. The City has determined that expenditure-driven grants should be recognized as soon as all eligibility criteria have been met. For this purpose, the City considers grant revenues to be susceptible to accrual if they are collected within a year after the current fiscal period.

Property taxes, specific ownership taxes, sales taxes, public improvement fees, grants and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Major Funds - In the fund financial statements, the City reports the following major governmental funds.

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

- The *Capital Improvement Fund* is a capital projects fund that accounts for financial resources collected and used to acquire, construct, maintain and replace capital assets. During 2019 it was funded with the proceeds from the Series 2017 Bonds.
- The *Debt Service Fund* is used to service the Series 2016 and 2017 Bonds.
- The *Sheridan Redevelopment Agency* is a component unit whose purpose is to develop blighted areas within the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports no major proprietary funds.

Non-Major Funds – The City reports two non-major governmental funds. These two special revenue funds account for revenues generated primarily from other governments for parks, recreation and open space. The City also reports one non-major proprietary fund which accounts for storm water activities of the City.

Assets, Liabilities and Net Position/Fund Balances

Cash and Investments – For purpose of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less. Investments are stated at fair value.

Receivables – All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2019, management believes all receivables are collectible.

Interfund Receivables and Payables – During the course of operations, numerous transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *due from other funds* and *due to other funds* because they are short-term in nature.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Capital Assets – Capital assets, which include property, plant, equipment, and current year infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds in the fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives.

Buildings	30-50 years
Vehicles and equipment	3-7 years
Infrastructure	20 years

Unearned Revenues – Unearned revenues consist of advances received on grants that are recognized as revenue when the terms of the grant are fulfilled.

Compensated Absences – All employees of the City are allowed to accumulate unused vacation time up to 320 hours and unused sick time up to 480 hours. Upon termination of employment from the City, an employee will be compensated for all accrued vacation time, at their current pay rate, but will forfeit any compensation for all accrued sick time. Accumulated unpaid vacation pay is accrued when earned in the government-wide and proprietary fund type financial statements. A liability is reported in the governmental funds financial statements when payment is due.

Long-Term Debt – In the government-wide financial statements, and for the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred charges on refunding of bonds, deferred outflows of derivative instruments from the SRA and certain amounts related to the City's defined benefit plans which will be amortized and recognized as revenue/expense in future periods as deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes earned but levied for a subsequent period certain amounts related to the City's defined benefit plans which will be amortized and recognized as revenue/expense in future periods.

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Net Position/Fund Balances – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

Fund balances of the governmental funds are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form (i.e. inventories or prepaid items) or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of City Council. The Council is the highest level of decision-making body for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Council. The City has no committed fund balance.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Only the City Council may assign fund balances for specific purposes.

Unassigned – All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

Property Taxes

Property taxes are levied by December 15 and attached as an enforceable lien on property on January 1 of the following year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits collections to the City on a monthly basis.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand. Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgets (Continued)

- By October 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 15, the budget is legally enacted through passage of an ordinance.
- Revisions of budgeted amounts that alter the total expenditures of any fund must be approved by the City Council. Budgetary control is at the fund level as prescribed by State statute.
- All appropriations lapse at the end of each fiscal year.
- Budgets are legally adopted for all funds of the City. Budgets for the governmental fund types are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons are also presented for the enterprise funds on a non-GAAP budgetary basis. Capital outlay is budgeted as an expenditure and depreciation and capital contributions are not budgeted.
- Colorado Revised Statutes do not require budgets for Housing Authorities.

For the year ended December 31, 2019, City Council approved supplemental budget appropriations for the General Fund totaling \$441,820, the Storm Water Enterprise Fund totaling \$151,602 and Open Space Fund totaling \$322,500. The SRA Board of Commissioners approved supplemental appropriations totaling \$919,020.

NOTE 3 - DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2019, follows:

Petty cash	\$ 1,700
Cash with County Treasurer	24,572
Deposits	244,254
Investments	<u>9,850,914</u>
Total City Cash and Investments	<u>10,121,440</u>
Blended Component Unit:	
Sheridan Redevelopment Agency	
Cash	66,232
Investments	<u>10,425,933</u>
Total Blended Component Unit	<u>10,492,165</u>
Total Cash and Investments	<u><u>\$ 20,613,605</u></u>

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The above amounts are classified in the financial statements as follows:

As of December 31, 2019, the City's investments consisted of the investment pools.

Cash and investments	\$ 9,783,827
Restricted cash and investments	<u>10,829,778</u>
	<u>\$ 20,613,605</u>

Housing Authority Cash

At December 31, 2019, the carrying amount of deposits for the Sheridan Housing Authority was \$67,917. The entire Housing Authority balance was covered by FDIC insurance. In addition, at December 31, 2019, the Housing Authority had \$172,220 invested in COLOTRUST.

Deposits

Custodial Credit Risk – Deposits - In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City's deposit policy is in accordance with CRS 11-10.5-101 et. seq. The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2019, the carrying amount of the City's deposits was \$244,254 and the bank balance was \$551,445 and of the balance \$250,000 was covered by FDIC insurance and \$301,445 was covered by the PDPA. At December 31, 2019, the carrying amount and bank balance for the Sheridan Redevelopment Agency were \$66,232 and \$77,494. The entire SRA bank balance was covered by FDIC Insurance.

Investments

The City follows State statutes which allow the following investments:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the U.S. 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

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)
Investments (Continued)

The City does not have an investment policy that would further limit its investment choices.

Credit Risk – The City is required to comply with State of Colorado (State) statutes which specify instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest. State statutes do not address custodial risk.

The City and SRA invest funds in the Colorado Local Government Liquid Asset Trust (“COLOTRUST”), an investment vehicle established for local government entities in Colorado to pool surplus funds (pool). The State Securities Commissioner administers and enforces all State statutes governing the pool. The pool operates similarly to a money market fund and each share is equal in value to \$1.00. At December 31, 2019 the net asset value (NAV) was 1.00. The pool 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 pool’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the pool’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST places no restrictions or limitations on withdrawals. COLOTRUST is rated AAAM by Standards & Poor’s.

The City also invests in the PFM Funds Prime Series, Colorado Investors Class, a money market mutual fund (marketed as the Colorado Statewide Investment Program or “CSIP”). The Prime Series is a separate investment portfolio of PFM Funds (the “trust”). The trust is an open-end, diversified, management investment company registered under the Investment Company Act of 1940, as amended. The Fund is managed to maintain a dollar-weighted average portfolio of 60 days or less and seeks to maintain a constant net asset value (“NAV”) per share of \$1.00. The PFM Funds Prime Series invests in obligations of the United States Government and its agencies, high quality debt obligations of U.S. and international companies and obligations of financial institutions, bankers’ acceptance, floating/variable rate obligations and repurchase agreements and is rated AAAM by Standard & Poor’s. PFM Asset Management LLC serves as the investment advisor, administrator and transfer agent. Shares of the Fund are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority (FINRA). PFM places no restrictions or limitations on withdrawals.

At December 31, 2019, the money market mutual funds investment held by SRA were invested in Fidelity Government Portfolio CL II (the fund) a money market fund which is valued at a Net Asset Value (NAV) of \$1. The goals of the fund are a stable \$1 share price, maintenance of liquidity, and income. The Fund invests in repurchase agreements secured by U.S. government securities and agency floating-rate securities. At April 7, 2020, the latest information available, the Fund had 47% of its portfolio in daily liquid assets and 65% of its portfolio in weekly liquid assets. This Fund is rated AAAM by Standard & Poor’s. The Fund does not have any unfunded commitments, redemption restrictions or redemption notice periods.

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)
Investments (Continued)

As of December 31, 2019, the City held the following investments:

Primary Government:

COLOTRUST	\$ 9,454,608
CSIP	<u>396,305</u>
Total City Investments	<u>\$ 9,850,913</u>

Component Unit: Sheridan Redevelopment Agency

COLOTRUST	\$ 620,362
Fidelity Government Portfolio CLII	<u>9,805,571</u>
Total Investments	<u>\$ 10,425,933</u>

Concentration of Credit Risk - The City places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk - Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in the statutes. The City has interest rate risk related to its investments in COLOTRUST and CSIP. At December 31, 2019, COLOTRUST portfolio had a weighted average maturity of 47 to reset and 69 days to maturity. At December 31, 2019, CSIP had a weighted average maturity of 40 days. At March 31, 2020, the latest information available, Fidelity Government Portfolio CL II had a weighted average maturity 25 days and a weighted average life of 95 days.

Custodial Credit Risk – Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Fair Value Hierarchy - the City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has no investments required to be reported under the fair value hierarchy.

Restricted Cash

At December 31, 2019, the City had the following restricted cash balances:

Primary Government:	
Capital improvements	\$ 1,024,207
Blended Component Unit:	
Sheridan Redevelopment Agency	
Debt service reserves	7,407,500
Debt repayment	<u>2,398,071</u>
Total Restricted Cash	<u>\$ 10,829,778</u>

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 is summarized below:

	Balances 12/31/18	Additions	Deletions	Balances 12/31/19
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 773,812	\$ -	\$ -	\$ 773,812
Construction in progress	14,029,665	2,085,849	16,115,514	-
Total Capital Assets, not being depreciated	<u>14,803,477</u>	<u>2,085,849</u>	<u>16,115,514</u>	<u>773,812</u>
Capital assets, being depreciated				
Buildings	2,228,468	-	-	2,228,468
Vehicles	1,699,192	137,443	96,573	1,740,062
Equipment	552,485	22,596	353,759	221,322
Infrastructure	42,503,266	13,074,696	-	55,577,962
Total Capital Assets, being depreciated	<u>46,983,411</u>	<u>13,234,735</u>	<u>450,332</u>	<u>59,767,814</u>
Accumulated Depreciation				
Buildings	(1,218,287)	(72,469)	-	(1,290,756)
Vehicles	(1,023,601)	(153,956)	(96,573)	(1,080,984)
Equipment	(517,238)	(8,574)	(353,759)	(172,053)
Infrastructure	(5,323,434)	(1,629,631)	-	(6,953,065)
Total Accumulated Depreciation	<u>(8,082,560)</u>	<u>(1,864,630)</u>	<u>(450,332)</u>	<u>(9,496,858)</u>
Total Capital Assets, Being Depreciated, Net	<u>38,900,851</u>	<u>11,370,105</u>	<u>-</u>	<u>50,270,956</u>
Governmental Activities Capital Assets, Net	<u>\$ 53,704,328</u>	<u>\$ 13,455,954</u>	<u>\$ 16,115,514</u>	<u>\$ 51,044,768</u>

Depreciation expense was charged to programs of the City as follows:

Depreciation per program	
General government	\$ 78,513
Public safety	107,607
Public works	1,645,705
Parks and recreation	<u>32,805</u>
Total	<u>\$ 1,864,630</u>

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS (Continued)

	Balances 12/31/18	Additions	Deletions	Balances 12/31/19
Business Activities				
Capital assets, being depreciated				
Site Improvements	\$ 4,366,474	\$ 3,478,028	\$ -	\$ 7,844,502
Accumulated Depreciation	(215,052)	(215,254)	-	(430,306)
Business Activities Capital				
Assets, Net	<u>\$ 4,151,422</u>	<u>\$ 3,262,774</u>	<u>\$ -</u>	<u>\$ 7,414,196</u>

NOTE 5 - LONG-TERM DEBT

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2019.

	1/1/2019	Advances	Payments	12/31/2019	Due Within One Year
General obligation bonds					
Series 2016	\$ 16,520,000	\$ -	\$ 410,000	\$ 16,110,000	\$ 425,000
Series 2016 Premium	1,961,489	-	85,282	1,876,207	85,282
Series 2017	12,745,000	-	300,000	12,445,000	310,000
Series 2017 Premium	1,987,616	-	83,106	1,904,510	83,106
Capital lease obligations	169,381	-	40,342	129,039	41,649
Compensated absences	250,727	271,667	240,436	281,958	70,489
Total City Debt	<u>33,634,213</u>	<u>271,667</u>	<u>1,159,166</u>	<u>32,746,714</u>	<u>1,015,526</u>
Component Unit:					
Sheridan Redevelopment Agency					
2011A-1	53,440,000	-	3,090,000	50,350,000	3,270,000
2011A-2	7,460,000	-	430,000	7,030,000	460,000
2011B-1	20,455,453	-	1,136,176	19,319,277	2,510,341
2011B-2	30,827,895	-	1,712,546	29,115,349	3,822,694
2011C	17,463,266	-	-	17,463,266	-
Total	<u>129,646,614</u>	<u>-</u>	<u>6,368,722</u>	<u>123,277,892</u>	<u>10,063,035</u>
Total Noncurrent					
Obligations	<u>\$ 163,280,827</u>	<u>\$ 271,667</u>	<u>\$ 7,527,888</u>	<u>\$ 156,024,606</u>	<u>\$11,078,561</u>

Colorado Urban Renewal law states that the City has no obligation to repay the SRA's debt.

For the SRA, two retailers account for 70% of the public improvement fees and 61% of the sales tax collected. These two retailers are 63% of the total City sales tax revenue. The SRA collects all of the City's public improvement fees. In addition, for the City, four taxpayers total approximately 13% and for the SRA, five taxpayers total approximately 66% of their respective taxable assessed valuation. The City is continuing efforts to attract additional businesses, so as not to rely on any particular revenue source.

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM DEBT (CONTINUED)

General Obligation Bonds

Series 2016

On April 6, 2016, the City issued \$17,980,000 of General Obligation Bonds. Bond proceeds will be used to build infrastructure within the City. Interest accrues at rates ranging from 3% to 5% per annum and is payable semi-annually on June 1 and December 1. Principal payments are due annually on December 1, through 2041.

Projected annual debt service requirements for the outstanding Series 2016 General Obligation Bonds at December 31, 2019, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 425,000	\$ 710,775	\$ 1,135,775
2021	445,000	693,775	1,138,775
2022	465,000	671,525	1,136,525
2023	490,000	648,275	1,138,275
2024	515,000	623,775	1,138,775
2025-2029	2,980,000	2,706,625	5,686,625
2030-2034	3,815,000	1,882,375	5,697,375
2035-2039	4,810,000	881,075	5,691,075
2040-2041	2,165,000	106,113	2,271,113
Total	<u>\$ 16,110,000</u>	<u>\$ 8,924,313</u>	<u>\$ 25,034,313</u>

Series 2017

On September 9, 2017, the City issued \$13,020,000 of General Obligation Bonds. Bond proceeds will be used to build infrastructure within the City. Interest accrues at 5% per annum and is payable semi-annually on June 1 and December 1. Principal payments are due annually on December 1, through 2042.

Projected annual debt service requirements for the outstanding Series 2017 General Obligation Bonds at December 31, 2019, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 310,000	\$ 608,250	\$ 918,250
2021	325,000	590,750	915,750
2022	345,000	576,500	921,500
2023	355,000	566,150	921,150
2024	365,000	555,500	920,500
2025-2029	2,105,000	2,486,250	4,591,250
2030-2034	2,700,000	1,903,250	4,603,250
2035-2039	3,435,000	1,158,250	4,593,250
2040-2042	2,505,000	254,500	2,759,500
Total	<u>\$ 12,445,000</u>	<u>\$ 8,699,400</u>	<u>\$ 21,144,400</u>

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Variable Rate Tax Increment Refunding Revenue Bonds Series 2011A

On April 28, 2011, the SRA issued \$65,000,000 and \$9,075,000 of Variable Rate Tax Increment Revenue Bonds Series 2011A-1 and Series 2011A-2 Bonds (collectively the Series 2011A Bonds). Bond proceeds were used for the purpose of refunding the SRA's Series 2007A-1 and Series 2007A-2 bonds, funding a bond reserve and paying the fees and expenses of issuing the bonds.

The Series

2011A Bonds will initially bear interest based on the weekly rate which will be adjusted each Thursday and is payable on the first day of each month, and shall be equal to the rate as set by the remarketing agent. The initial interest rate on the Series 2011A-1 and Series 2011A-2 Bonds were .3% and .4%. The Series 2011A-1 Bonds are subject to optional and mandatory sinking fund redemption and mandatory purchase.

Mandatory sinking fund redemptions began in 2013 in the amount of \$295,000 and increase annually through December 2029 to \$12,185,000. The bonds can be optionally redeemed if the bonds are in the weekly or monthly mode on the first day of any month. The Series 2011A-2 Bonds are also subject to optional and mandatory sinking fund redemption and mandatory purchase. Mandatory sinking fund redemptions began in 2013 in the amount of \$40,000 and increase annually through December 2029 to \$1,700,000.

The principal, interest on, and purchase price of the Series 2011A-1 and Series 2011A-2 Bonds will be payable by the Trustee under separate irrevocable, direct pay letters of credit issued by JPMorgan Chase Bank, N.A. The letters of credit allow the Trustee to draw up to an amount sufficient to pay the principal of the Series 2011A Bonds when due and up to 34 days' interest on the Series 2011A-1 and Series 2011A-2 Bonds at a maximum interest rate of 12% per annum. Each letter of credit expires on August 22, 2021 and may be terminated prior thereto, or extended therefrom, upon the occurrence of certain events. The letters of credit were issued pursuant to a reimbursement agreement between the SRA and JPMorgan Chase Bank, N.A., which obligates the SRA to reimburse the bank for draws and to pay certain fees and expenses. During the year ended December 31, 2019, amounts borrowed and repaid under the letters of credit totaled \$852,068.

The Series 2011A Bonds are also special, limited revenue obligations of the SRA payable from and secured by the Series 2011A Bonds Trust Estate. The Bond Trust Estate shall include, among other things, ad valorem property tax increment revenues and sales tax increment revenues received by the SRA from a designated urban renewal area. The SRA has also pledged a portion of the public improvement fees and interest thereon related to the urban renewal area. The bonds are secured by a Series 2011A Bonds Reserve Fund initially funded with proceeds from the Series 2011A Bonds in the amount of \$7,407,500. The current balance in the reserve accounts are \$7,407,500.

The payment of principal and interest related to the Series 2011A Bonds is also guaranteed by the developer and a related entity until such time as the Rolling Twelve Month Debt Service Coverage Ratio as of the preceding 24 months is not less than 1.40. The Rolling Twelve Month Debt Service Coverage Ratio is defined as the twelve month previous pledged incremental tax revenues divided by the average annual debt service.

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Variable Rate Tax Increment Refunding Revenue Bonds Series 2011A (Continued)

The SRA has also entered into an Interest Rate Exchange Agreement whereby the SRA will pay a fixed interest rate (3.80% on the Series 2011A-1 Bonds and 5.27% on the Series 2011A-2 Bonds) to the counterparty, Royal Bank of Canada (“RBC”) and the counterparty will in turn pay a variable interest rate to the SRA. For the Series 2011A-1 Bonds the counterparty will pay interest based on the USD-SIFMA Municipal Swap Index. For the Series 2011A-2 Bonds, the counterparty will pay interest based on the one-month LIBOR Index. The Notional amount for these contracts is the outstanding bond principal of \$60,900,000. The contract was entered into on March 7, 2007 and terminates on December 1, 2029. Payments due to the counterparty are guaranteed by the developer and a related entity. The SRA has no net exposure to actual credit risk as this swap agreement is a liability. As the interest rate the SRA will pay is fixed, the Agency believes it has reduced its interest rate risk by entering into this agreement. As the index for both the swap agreement and the bond issue are the same, the SRA believes it has no basis risk. The counterparty may terminate this contract if the SRA fails to perform under the contract or credit support agreement. In addition, the swap may automatically terminate due to cross default or other provisions included in the contract.

As the swap agreement is scheduled to terminate when the bonds mature, the Agency has no rollover risk.

The fair value of the interest rate swaps is estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. RBC does not measure fair value of this transaction under International Financial Reporting Standards (IFRS) 13 *Fair Value Measurement*. At December 31, 2019, the market value of this contract is estimated to be a negative \$9,235,433. During the year ended December 31, 2019, the contract value increased \$1,616,505. During the year ended December 31, 2019, under the swap agreement, the SRA paid the counterparty \$1,450,764.

RBC was rated as follows:

Moody’s	Aa2
Standard and Poor	AA-
Fitch	AA

After year-end, as a result of the Coronavirus, Fitch revised its outlook on RBC to negative.

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Variable Rate Tax Increment Refunding Revenue Bonds Series 2011A (Continued)

Projected annual debt service requirements for the outstanding Series 2011A-1 Bonds at December 31, 2019, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,270,000	\$ 1,999,323	\$ 5,269,323
2021	3,485,000	1,864,368	5,349,368
2022	3,705,000	1,726,362	5,431,362
2023	3,945,000	1,579,644	5,524,644
2024	4,185,000	1,427,322	5,612,322
2025-2029	<u>31,760,000</u>	<u>4,411,560</u>	<u>36,171,560</u>
Total	<u>\$ 50,350,000</u>	<u>\$ 13,008,579</u>	<u>\$ 63,358,579</u>

Projected annual debt service requirements for the outstanding Series 2011A-2 Bonds at December 31, 2019, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 460,000	\$ 371,496	\$ 831,496
2021	490,000	346,239	836,239
2022	520,000	320,416	840,416
2023	550,000	293,012	843,012
2024	585,000	264,750	849,750
2025-2029	<u>4,425,000</u>	<u>818,257</u>	<u>5,243,257</u>
Total	<u>\$ 7,030,000</u>	<u>\$ 2,414,170</u>	<u>\$ 9,444,170</u>

Subordinate Tax Increment Refunding Revenue Bonds Series 2011B

Also, on April 28, 2011, the SRA issued \$23,039,349 and \$34,705,443 of Series 2011B-1 Bonds and Series 2011B-2 Bonds (collectively the Series 2011B Bonds). This was a private placement with Weingarten Realty Investors. Bond proceeds were used for the purpose of refunding the SRA's Series 2007A-1, Series 2007A-2 Bonds, and Series 2007 B Bonds and paying the fees and expenses of issuing the bonds. The Series 2011B Bonds do not bear interest and mature on December 15, 2039. Failure to pay the full maturity amount of any sinking fund payment is not an Event of Default under the Indenture. Any unpaid Series 2011B Bond amounts still outstanding after maturity on December 15, 2039 will no longer be owed.

Payments on the Series 2011B Bonds are subordinated to the payment of current principal and interest on the Series 2011A Bonds. The bonds accrete interest at a rate of 1.419%. The Series 2011B-1 Bonds are subject to optional and mandatory sinking fund redemption and mandatory purchase. Mandatory sinking fund redemptions began in 2011 in the amount of \$305,000 and increase annually through December 2039 to \$1,510,000.

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Subordinate Tax Increment Refunding Revenue Bonds Series 2011B (Continued)

The Series 2011B-2 Bonds are also subject to optional and mandatory sinking fund redemption and mandatory purchase. Mandatory sinking fund redemptions began in 2011 in the amount of \$465,000 and increase annually through December 2039 to \$2,280,000. The 2011B Bonds can be optionally redeemed on any date after the Series 2011A Bonds are no longer outstanding from any Pledged Incremental Tax Revenues and on any December 15 from the Debt Service Public Improvement Fee or the SRA Public Improvement Fee, at a redemption price equal to the maturity value, subject to the following provisions. No payment will be made on the Series 2011B Bonds until (a) the Series 2011A's Reserve Fund contains an amount equal to the reserve requirement, (b) the Series 2011A Bond Payment Fund contains an amount equal to the sum of (i) three months of interest on the Series 2011A Bonds and (ii) one-fourth of the principal due on the Series 2011A Bonds in the next calendar year (c) all Agency Bond Fees and Bank Fees then due have been paid, (d) all amounts due and payable under the Bank Reimbursement Agreement, or any Interest Rate Exchange Agreement have been paid, and (vii) no Event of Default under the Indenture has occurred and is continuing. Any sinking fund amounts not paid in the current year, no longer accrete interest, and become due and payable in the subsequent period. As of December 31, 2019, \$4,350,000 of current requirements remains unpaid and therefore is due in 2020.

Projected annual debt service requirements for the outstanding Series 2011B-1 Bonds at December 31, 2019, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,510,341	\$ 104,660	\$ 2,615,001
2021	710,226	114,774	825,000
2022	696,016	123,984	820,000
2023	686,242	133,758	820,000
2024	676,607	143,393	820,000
2025-2029	3,247,017	857,983	4,105,000
2030-2034	5,608,123	2,001,877	7,610,000
2035-2039	5,184,705	2,365,294	7,549,999
	<u>\$ 19,319,277</u>	<u>\$ 5,845,723</u>	<u>\$ 25,165,000</u>

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Subordinate Tax Increment Refunding Revenue Bonds Series 2011B (Continued)

Projected annual debt service requirements for the outstanding Series 2011B-2 Bonds at December 31, 2019, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,822,694	\$ 157,306	\$ 3,980,000
2021	1,067,491	172,509	1,240,000
2022	1,056,756	188,244	1,245,000
2023	1,037,731	202,269	1,240,000
2024	1,027,287	217,713	1,245,000
2025-2029	4,916,343	1,298,657	6,215,000
2030-2034	8,358,482	2,981,518	11,340,000
2035-2039	7,828,565	3,571,435	11,400,000
	<u>\$ 29,115,349</u>	<u>\$ 8,789,651</u>	<u>\$ 37,905,000</u>

Series 2011C Note Payable

Also, on April 28, 2011, the SRA refinanced \$13,139,024 of Series 2007C Notes and \$2,243,698 of interest by issuing 73 promissory 2011C Notes totaling \$17,463,266. The notes are owed to the Developer. The notes accrete interest at an annual rate of 6.533%. Payments of principal and interest begin in December 2034 in the amount of \$1,525,000 and increase annually through December 2106 to \$26,420,000. These notes are payable from public improvement fee revenues. Payments of principal and interest on the notes are subordinate to the payment of the Series 2011A Bonds and the Series 2011B Bonds.

Projected annual debt service requirements for the outstanding 2011C Notes at December 31, 2019, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2034-2038	\$ 1,619,534	\$ 6,585,466	\$ 8,205,000
2039-2043	2,489,029	15,045,971	17,535,000
2044-2048	2,354,121	20,085,879	22,440,000
2049-2053	1,988,873	24,026,127	26,015,000
2054-2058	1,680,028	28,474,972	30,155,000
2059-2063	1,419,170	33,535,830	34,955,000
2064-2068	1,198,947	39,326,053	40,525,000
2069-2073	1,012,870	45,972,130	46,985,000
2074-2078	855,710	53,609,290	54,465,000
2079-2083	722,646	62,417,354	63,140,000
2084-2088	610,506	72,584,494	73,195,000
2089-2093	515,708	84,344,292	84,860,000
2094-2098	435,547	97,939,453	98,375,000
2099-2103	367,882	113,672,118	114,040,000
2104-2106	192,695	76,777,305	76,970,000
	<u>\$ 17,463,266</u>	<u>\$ 774,396,734</u>	<u>\$ 791,860,000</u>

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Refundings

As described above, during the year ended December 31, 2011, the SRA undertook a refunding of all of its debt. In the refunding, the reacquisition price exceeded the net carrying amount of the old debt by \$9,721,880. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

Capital Lease Obligations

During 2017, the City entered into a capital lease for the purchase of a street sweeper. The equipment has fifteen-year useful life and a book value of \$171,398 at December 31, 2019. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. This lease is due in annual installments of \$45,830, including principal and interest at 3.24% and matures on April 10, 2022.

Lease/purchase of certain vehicles payable in annual installments of \$45,830 including principal and interest at 3.24%. Matures April 10, 2022.

\$ 129,039

Following is a schedule of the future minimum lease payments required under this outstanding capital lease obligation:

	Principal	Interest	Total
2020	\$ 41,649	\$ 4,181	\$ 45,830
2021	42,998	2,832	45,830
2022	44,392	1,438	45,830
Total	\$ 129,039	\$ 8,451	\$ 137,490

Compensated Absences

Compensated absences are expected to be liquidated with revenues of the General Fund.

NOTE 6 - LINE OF CREDIT

On December 30, 2018, the City renewed its line of credit with a bank for \$249,000 that expires December 30, 2020. Interest is a variable rate on any unpaid principal balance of the loan at the initial rate of 4.75%, based on the Wall Street Journal prime plus one percent. During the year ending December 31, 2019, the City made no draws on the line of credit. The line of credit is secured by the City Hall real property

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued several pronouncements prior to December 31, 2019 that have effective dates that may impact future financial presentations. Management is currently determining the effects of the implementation of these statements on the City’s financial records.

Governmental Accounting Standards Board Statement No. 84 Fiduciary Activities. In January of 2017 the GASB issued Statement No. 84. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Governmental Accounting Standards Board Statement No. 87 Leases. In June of 2017 the GASB issued Statement No. 87. The objective of this Statement is to better meet the needs of financial statement users by improving accounting and financial reporting for leases by governments by establishing a single model for lease accounting. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

NOTE 8 - PENSION PLANS

The City maintains the following separately administered pension plans:

Plan Name	Plan Type
Volunteer Firefighters’ Pension Plan	Agent multiple-employer defined benefit
Statewide Defined Benefit Plan	Cost-sharing multiple-employer defined benefit plan
Statewide Hybrid Plan-Defined Benefit Component	Cost-sharing multiple-employer defined benefit plan
Paid Staff Pension Plan	Defined contribution

These defined benefit plans are administered by the Fire and Police Pension Association of Colorado (“FPPA”). They are reported in the FPPA comprehensive annual financial report (CAFR). The CAFR of the FPPA may be obtained by contacting FPPA at 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111-2721.

Volunteer Firefighters’ Pension Plan

Plan Description – The City has established the Volunteer Firefighters’ Pension Plan (the “Volunteer Plan”), an agent multiple-employer defined benefit pension plan for volunteer firefighters as authorized by State of Colorado Statute. The City no longer has an active Volunteer Fire Department, so there are no active members of the Plan.

Benefits Provided – Any firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a full benefit monthly pension of \$579.00. In addition, firefighters receive \$28.95 per month for each year of service exceeding 20 years. Any firefighter who has completed ten to twenty years of active service shall be eligible for a benefit of \$28.95 for each year served.

The Volunteer Plan also provides for a lump-sum burial benefit upon the death of a retired firefighter. Spouses of deceased firefighters receive benefits equal to one-half those of a firefighter. Benefits are determined by the Volunteer Firefighter Pension Board and ratified by City Council.

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - PENSION PLANS (CONTINUED)

Contributions – In addition to contributions from the City, the Volunteer Plan received contributions from the State in an amount not to exceed one-half mill of property tax revenue. The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. Amounts to be contributed are determined by the City as part of its budget process. The actuarial study as of January 1, 2019, indicated that the current level of contributions to the fund, approximately \$60,864 per year, is adequate to support, on an actuarially sound basis, the prospective benefits for the present Volunteer Plan. For the year ended December 31, 2019 the City and State actual contributions of \$50,000 and \$29,164 respectively, were equal to the required contributions to the Volunteer Plan.

State of Colorado Fire and Police Pension Association-Statewide Defined Benefit Plan

Plan Description – The City contributes to the Statewide Defined Benefit Plan (“SWDB”), a cost sharing multiple-employer defined benefit pension plan administered by the FPPA. The City’s police officers had the option to join this plan or the Statewide Hybrid Plan.

The SWDB provides retirement benefits for member and beneficiaries. Death and disability coverage is provided for plan members through the Statewide Death and Disability Plan, which is also administered by the FPPA. All police officers are members of the Statewide Death and Disability Plan.

Plan Benefits – The benefits requirements of plan members and the City are established by State statute. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2% of the average of the member’s highest three years’ base salary of each of the credited service up to ten years, plus 2.5% of each year of service thereafter. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board’s discretion and can range from 0 to the higher of 3% or the Consumer Price Index.

A member is eligible for an early retirement after 30 years of service or attaining the age 50 with at least five years of 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% 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% of the member’s average highest three years’ base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

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

The contribution rate is 10.5% of covered salary for all plan members and 8% for the City. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% percent of base salary. The City’s contribution will remain at 8% resulting in a combined rate of 20% in 2022.

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - PENSION PLANS (CONTINUED)

The City's contributions were \$194,282 for the year ended December 31, 2019.

State of Colorado Fire and Police Pension Association-Statewide Hybrid Plan Defined Benefit Component

Plan Description – The City contributes to the Statewide Hybrid Plan Defined Benefit Component (“SWH”), a cost sharing multiple-employer pension plan administered by the FPPA. The City's police officers had the option to join this plan or the Statewide Defined Benefit Plan. This plan is comprised of two components, a defined benefit component and a money purchase component.

The SWH provides retirement benefits for member and beneficiaries. Death and disability coverage is provided for plan members through the Statewide Death and Disability Plan, which is also administered by the FPPA. All police officers are members of the Statewide Death and Disability Plan.

Plan Benefits – The benefits requirements of plan members and the City are established by State statute. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 1.5% of the average of the member's highest three years' base salary of each of years of credited service. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3%.

A member is eligible for an early retirement 30 years of service or attaining the age 50 with at least five years of 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% as interest, returned as a lump sum distribution from the Defined Benefit Component. 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 1.5% of the member's average highest three years' base salary for each year of credited service.

Plan Contributions – Contribution rates for the SWH plan are set by each participating employer, but must be a least 8% of the member's base salary. The amount allocated to the Defined Benefit Component is set annually by the FPPA Board of Directors. Excess contributions fund the Money Purchase Component of the Plan. The Defined Benefit Component contribution rate was 14.8% for the period July 1, 2017 to June 30, 2018. The Defined Benefit Component contribution rate was 13.4% for the period July 1, 2018 to June 30, 2019.

The City's contributions were \$9,134 for the year ended December 31, 2019.

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - PENSION PLANS (CONTINUED)

All Defined Benefit Plans

Employees Covered by Benefit Terms – Employee membership data related to the Volunteer Firefighters’ Pension Plan, as of January 1, 2019 was as follows:

Retirees and beneficiaries currently receiving benefits	17
Terminated employees entitled to but not yet receiving benefits	<u>1</u>
Total	<u><u>18</u></u>

Pension Assets and Liabilities – At December 31, 2018, the Volunteer Plan reported a net pension liability of \$558,290. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019.

At December 31, 2019, the City reported a net pension liability of \$380,330 for its proportionate share of the SWDB net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2018, the City's proportion was 0.3008%, which was a decrease of 0.0280% from its proportion measured as of December 31, 2017.

At December 31, 2019, the City reported an asset of \$64,783 for its proportionate share of the SWH net pension asset. The net pension asset was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2018, the City's proportion was .4693%, which was a decrease of .0074% from its proportion measured as of December 31, 2017.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resource. For the year ended December 31, 2019, the City recognized expense of \$40,446 related to the Volunteer Plan, \$142,150 of revenue related to the SWDB and \$10,576 of expense related to the SWH.

In addition, the City reported deferred outflows of resources and deferred inflows of resources from the following sources for each plan:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Volunteer Plan		
Net difference between projected and actual earnings on Plan investments	\$ 25,056	\$ 10,189
City contributions subsequent to the measurement date	50,000	-
Total	\$ 75,056	\$ 10,189

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - PENSION PLANS (CONTINUED)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
<u>SWDB</u>		
Differences between expected and actual experience	\$ 488,692	\$ 4,063
Net difference between projected and actual earnings on Plan investments	299,188	14,210
Changes in assumptions	368,338	-
Changes in proportion and differences between City contributions and proportionate share of contributions	86,007	-
City contributions subsequent to the measurement date	194,282	-
Total	<u>\$1,436,507</u>	<u>\$ 18,273</u>
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
<u>SWH</u>		
Differences between expected and actual experience	\$ 45,571	\$ -
Net difference between projected and actual earnings on Plan investments	13,833	-
Changes in assumptions	9,431	-
Changes in proportion and differences between City contributions and proportionate share of contributions	82,352	-
City contributions subsequent to the measurement date	9,134	-
Total	<u>\$ 160,321</u>	<u>\$ -</u>

The City's contributions subsequent to the measurement date, \$50,000 for the volunteer plan, \$194,282 for the SWBD plan, and \$9,334 for the SWH Plan will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending December 31:	<u>Volunteer</u>	<u>SWDB</u>	<u>SWH</u>
2020	\$ 6,811	\$ 229,031	\$ 32,987
2021	2,792	166,574	30,568
2022	934	143,411	29,657
2023	4,330	230,422	33,239
2024	-	117,562	26,699
Thereafter	-	336,951	(1,962)

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - PENSION PLANS (CONTINUED)

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension liability are as follows. For the Volunteer Plan the inflation rate was changed from 3% to 2.5% and also the mortality tables for the January 1, 2017 valuation. Beginning January 1, 2016, the mortality tables for the SWDB and SWH were also changed.

	<u>Volunteer</u>	<u>SWDB</u>	<u>SWH</u>
Measurement date	Dec. 31, 2018	Dec. 31, 2018	Dec. 31, 2018
Actuarial valuation date	January 1, 2019	January 1, 2019	January 1, 2019
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar open	Level percentage of payroll, open	Level percentage of payroll, open
Remaining amortization period	12 years	30 years	30 years
Asset valuation method	5 year smoothed Market	5 year smoothed Market	5 year smoothed Market
Inflation	2.50%	2.50%	2.50%
Salary increases	N/A	4.0-14.0%	4.0-14.0%
Investment rate of return	7.50%	7.50%	7.50%

For the Volunteer Plan mortality Pre and Post-retirement: RP-2014 Combined Mortality Table with Blue Collar adjustment, and pre-retirement 55% multiplier for off-duty mortality. Disabled retirement: RP-2014 Disabled Mortality Table. All tables projected with Scale BB. For SWDB and SWH Plans mortality the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

For all three plans, the long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Global Equity	37%	8.03%
Equity Long/Short	9%	6.45%
Illiquid Alternatives	24%	10.00%
Fixed Income	15%	2.90%
Absolute Return	9%	5.08%
Managed Futures	4%	5.35%
Cash	2%	2.52%

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - PENSION PLANS (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that, where applicable, employer, employee and state contributions will be made at the current contribution rate and will also be made at the current statutorily required or actuarially determined rates. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Department’s Net Pension Liability – Changes in the Department’s net pension liability for the Volunteer Plan for the year ended December 31, 2019 were as follows:

	Increase (Decrease)		
	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liabilities [a] - [b]
<u>Volunteer Plan</u>			
Balance, December 31, 2018	\$ 817,315	\$ 316,321	\$ 500,994
Changes for the year:			
Interest	57,589	-	57,589
Benefit changes	42,925	-	42,925
Difference between expected and actual experience	2,778	-	2,778
Changes in assumptions	20,467	-	20,467
Net investment income	-	787	(787)
Contributions - employer	-	47,000	(47,000)
Benefit payments including refunds of employee contributons	(100,746)	(100,746)	-
Administrative expense	-	(4,518)	4,518
State of Colorado supplemental discretionary payment	-	23,194	(23,194)
Net changes	23,013	(34,283)	57,296
Balance, December 31, 2019	<u>\$ 840,328</u>	<u>\$ 282,038</u>	<u>\$ 558,290</u>

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - PENSION PLANS (CONTINUED)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's net pension liability or the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	<u>Discount Rate</u>	<u>Volunteer Plan</u>	<u>SWDB</u>	<u>SWH</u>
1% decrease	6.00%	\$ 619,417	\$1,474,734	\$(31,764)
Current discount rate	7.00%	558,290	380,330	(64,780)
1% increase	8.00%	504,972	(527,524)	(92,458)

Paid Staff Pension Plan

Plan Description – The City provides pension benefits for its employees through a defined contribution plan. All employees of the City except Sworn Officers are eligible to participate in the plan. Employees are eligible to participate following completion of 12 months of service. The City's contributions vest based on a three-year cliff vesting schedule. Forfeitures are used to reduce employer or matching contributions. There were no forfeitures during 2019. Plan assets are held at and administered by Massachusetts Mutual Life Insurance Company.

Funding Policy – The plan requires that the City contribute an amount equal to 4.0% of the employee's gross annual salary. The City contributions to the Plan for the year ending December 31, 2019 were \$34,237 equal to the required contribution. The City of Sheridan's City Council authorizes and has the authority to amend benefit terms.

NOTE 9 - RISK MANAGEMENT

The City is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability and property coverage and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers. It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any members of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - RISK MANAGEMENT (CONTINUED)

During 2013, the City entered into a level funding policy for its health insurance with a third party insurance company. The Colorado Division of Insurance considers this to be a self-funded medical plan. The City is responsible for the first \$20,000 of claims for each covered individual. The City funds claims by paying the maximum monthly claim liability as defined by the policy. At the end of the plan year, December 31, if the maximum monthly claim liability exceeds the amount of actual claims paid, that surplus (minus adjustments for the terminal fund account) is divided 50% to the insurance company and the City receives a credit on the following year's premiums for 67% of the surplus. If the amount of actual claims paid exceeds the maximum monthly claim liability the City has no additional liability to the insurance company. For the policy year ended December 31, 2019 the City will receive a credit related to the 2019 premium of \$0. If the contract were to terminate the City is responsible to pay a terminal attachment factor to cover the incurred but not reported claims at that date. Management believes that terminal attachment factor is fully funded as the Terminal Fund on Account with the insurance company is \$38,899 at December 31, 2019. For the year ended December 31, 2019, the City's maximum monthly claim liability totaled \$359,480. Claims incurred against this amount totaled 367,956.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue increases, spending abilities, and other specific requirements of state and local government.

In November 1999, voters within the City authorized the retention of any funds collected by the City during 2000, 2001, 2002 and 2003, notwithstanding the provisions of the Amendment, subject to the express condition that any such funds will be used solely for the purpose of street construction, maintenance, or repair.

In November 2004, voters within the City authorized the retention of all revenues received from any source during the 2004 budget year and each budget year thereafter that are in excess of the revenue and fiscal year spending limits that would otherwise apply under Article X, Section 20 of the Colorado Constitution or any other law. Management believes the City is in compliance with Amendment.

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2019, the emergency reserve of \$373,000 was recorded as a reservation of fund balance in the General Fund.

The SRA is not subject to the TABOR amendment. See Olsen v City of Golden, 53 p.3d.747 (Colo. App 2002) certiorari denied. In addition, the Housing Authority believes it is exempt from TABOR.

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Environmental Remediation – SRA

A large portion of the property included in the urban renewal area (the “site”) consisted of landfills and junk yards in addition to a medical transfer station, various businesses that generated hazardous wastes, vehicle repair facilities, and petroleum service stations, all or some of which may have resulted in contamination of the site. Above and below ground storage tanks were discovered on the site. Contaminants from various off-site commercial/industrial activities have or may have migrated or may migrate in the future onto the site. As a result of historic on and off-site operations, a variety of contaminants have been documented or is suspected to be present at the site.

The developer submitted a voluntary cleanup plan application (the “plan”) for the site to the Colorado Department of Public Health and Environment (the CDPHE”). The plan contained several sub-plans that addressed materials removal, vapor intrusion and accumulation issues, and operations. The plan and related modifications have been approved by CDPHE.

While some municipal waste material was excavated and disposed of off-site, municipal waste and other waste materials and contaminants remain on-site. Every owner, tenant, or occupant, within the mitigated zone, is required to design and construct a vapor intrusion mitigation system to address concerns related to methane gas produced by the remaining decomposing material.

In addition, the plan did not address remediation of groundwater contamination existing on the site. The developer anticipates that the remediation efforts will take several years and will require additional CDPHE extensions to the plan.

The developer and related entities have jointly and severally agreed to indemnify the owners of the Series 2011A Bonds, through the Trustee, from certain losses that might be incurred as a result of claims arising under certain environmental laws. In addition, the developer has obtained two environmental insurance policies covering potential liabilities associated with the development of the site, including a Pollution Legal Liability policy in the amount of \$40 million and a Contractor’s Pollution Liability policy in the amount of \$10 million.

Employment Contracts

The City has entered into an employment agreement. Under the terms of the agreement, if the employee is terminated, but not for cause, severance payments equal to approximately 6 month’s salary are due under the contract.

NOTE 11 - NET POSITION

At December 31, 2019 the Sheridan Redevelopment Agency had a net position of (\$123,476,688). As a result, the City had a net position of (\$86,900,036). As more fully described in Note 5, the debt of the SRA was refinanced in 2011. However, the ability of the SRA to meet future debt service payments is dependent upon the ability of the River Point Project to generate future sufficient tax increment revenues and public improvement fees, the ability to the developer to reach agreements with additional retail tenants for the River Point Project, and the ability of the developer and related entities to meet debt service guarantees.

CITY OF SHERIDAN, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - INTERNAL BALANCES

The following are the balances owed between funds and between the primary government and its component units as of December 31, 2019. All balances are expected to be repaid within one year.

During the year ended December 31, 2019, the Sheridan Redevelopment Agency transferred \$1,083,912 to the General Fund as reimbursement for services provided by the City to the SRA. In addition, the General Fund transferred \$594,268 to the Capital Projects Fund for its operations.

NOTE 13 - PENDING LITIGATION

The City is a defendant in various lawsuits arising in the normal course of business and covered by insurance. In the aggregate, these claims seek monetary damages in significant amounts. While the City vigorously defends its positions, the outcome of the claims cannot be determined at this time. Accordingly, a loss contingency has not been recorded for any of the claims.

NOTE 14 - CORONAVIRUS PANDEMIC

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. At the current time, the economic fallout of the COVID-19 pandemic crisis is still largely unknown. The City has been notified by Arapahoe County that \$768,000 of the Coronavirus Relief Fund, established by the federal CARES Act to provide state, local, and tribal governments resources to navigate the impact of the COVID-19 outbreak is available for its use. The City anticipates using these funds to provide grants to businesses affected by the pandemic

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHERIDAN, COLORADO
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019
With Comparative Totals for December 31, 2018

	2019			Variance With Final Budget	2018
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Taxes	\$ 6,961,635	\$ 7,060,071	\$ 7,370,615	\$ 310,544	6,648,525
Licenses	425,877	447,877	525,200	77,323	451,936
Intergovernmental	136,155	136,155	88,907	(47,248)	119,330
Charges for services	286,846	284,905	291,919	7,014	315,919
Fines and forfeitures	1,346,781	1,458,749	1,606,529	147,780	1,621,189
Investment earnings	50,000	83,264	111,251	27,987	71,059
Other income	1,157,982	1,194,782	994,888	(199,894)	969,196
 Total Revenues	 <u>10,365,276</u>	 <u>10,665,803</u>	 <u>10,989,309</u>	 <u>323,506</u>	 <u>10,197,154</u>
<u>Expenditures</u>					
General Government					
General government	536,443	597,819	587,465	10,354	514,847
City clerk	214,600	174,546	175,425	(879)	169,642
Victims advocate	77,578	107,283	90,766	16,517	68,634
Municipal court	332,955	308,601	301,094	7,507	310,103
Legislative	250,406	255,789	210,510	45,279	253,522
 Total General Government	 <u>1,411,982</u>	 <u>1,444,038</u>	 <u>1,365,260</u>	 <u>78,778</u>	 <u>1,316,748</u>
Public Safety					
Police	4,847,435	5,190,380	4,994,229	196,151	4,453,924
Fire	2,096,228	2,096,228	2,096,228	-	2,035,172
 Total Public Safety	 <u>6,943,663</u>	 <u>7,286,608</u>	 <u>7,090,457</u>	 <u>196,151</u>	 <u>6,489,096</u>
Public works					
Community Development	1,024,455	897,702	818,719	78,983	826,547
Non-Departmental	446,630	472,493	489,044	(16,551)	421,118
Debt Service	468,794	494,136	486,850	7,286	452,490
	203,500	200,223	-	200,223	-
 Total Expenditures	 <u>10,499,024</u>	 <u>10,795,200</u>	 <u>10,250,330</u>	 <u>544,870</u>	 <u>9,505,999</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(133,748)</u>	 <u>(129,397)</u>	 <u>738,979</u>	 <u>868,376</u>	 <u>691,155</u>
Other financing sources (uses)					
Transfer in	1,081,066	1,083,912	1,083,912	-	987,589
Transfer out	(637,052)	(782,694)	(594,268)	188,426	(416,397)
Sale of Assets	-	5,096	5,096	-	-
 Total Other Financing Sources (Uses)	 <u>444,014</u>	 <u>306,314</u>	 <u>494,740</u>	 <u>188,426</u>	 <u>571,192</u>
 Changes in Fund Balance	 <u>\$ 310,266</u>	 <u>\$ 176,917</u>	 <u>1,233,719</u>	 <u>\$ 1,056,802</u>	 <u>1,262,347</u>
 Fund Balance, Beginning			 <u>5,707,056</u>		 <u>4,444,709</u>
 Fund Balance, Ending			 <u>\$ 6,940,775</u>		 <u>\$ 5,707,056</u>

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

CITY OF SHERIDAN, COLORADO
BUDGETARY COMPARISON STATEMENT
SHERIDAN REDEVELOPMENT AGENCY FUND
YEAR ENDED DECEMBER 31, 2019
With Comparative Totals for December 31, 2018

	2019			2018	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
<u>Revenues</u>					
Taxes	\$ 8,645,664	\$ 8,645,664	\$ 9,263,504	\$ 617,840	\$ 8,508,408
Investment earnings	105,000	105,000	274,861	169,861	201,960
Public Improvement Fees	2,637,022	2,637,022	2,664,349	27,327	2,576,498
Total Revenue	11,387,686	11,387,686	12,202,714	815,028	11,286,866
<u>Expenditures</u>					
General government	242,629	233,009	249,432	(16,423)	220,605
Redevelopment projects	101,141	104,506	103,316	1,190	107,511
Debt service	9,795,767	10,594,670	10,594,296	374	9,713,752
Contingency	70,000	130,000	-	130,000	-
Total Expenditures	10,209,537	11,062,185	10,947,044	115,141	10,041,868
Excess (deficiency) of revenues over (under) expenditures	1,178,149	325,501	1,255,670	930,169	1,244,998
<u>Other Financing Sources (Uses)</u>					
Transfers out	(1,017,044)	(1,083,917)	(1,083,912)	5	(987,635)
Total Other Financing Sources (Uses)	(1,017,044)	(1,083,917)	(1,083,912)	5	(987,635)
Changes in Fund Balance	<u>\$ 161,105</u>	<u>\$ (758,416)</u>	171,758	<u>\$ 930,174</u>	257,363
Fund Balance, Beginning			<u>11,076,381</u>		<u>10,819,018</u>
Fund Balance, Ending			<u>\$ 11,248,139</u>		<u>\$ 11,076,381</u>

See the accompanying Independent Auditor's Report.

CITY OF SHERIDAN, COLORADO
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
VOLUNTEER PENSION TRUST FUND
LAST 10 FISCAL YEARS*

Measurement period ending December 31,	2018	2017	2016	2015	2014
<u>Total Pension Liability</u>					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	57,589	60,637	57,408	60,574	61,997
Benefit changes	42,925	-	43,504	-	27,371
Difference between expected and actual experience	2,778	-	3,968	-	(4,472)
Changes in assumptions	20,467	-	41,202	-	-
Benefit payments including refunds of employee contributions	<u>(100,746)</u>	<u>(101,796)</u>	<u>(104,220)</u>	<u>(101,394)</u>	<u>(106,251)</u>
Net changes	23,013	(41,159)	41,862	(40,820)	(21,355)
Total pension liability-beginning	<u>817,315</u>	<u>858,474</u>	<u>816,612</u>	<u>857,432</u>	<u>878,787</u>
Total pension liability-ending	<u>\$ 840,328</u>	<u>\$ 817,315</u>	<u>\$ 858,474</u>	<u>\$ 816,612</u>	<u>\$ 857,432</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 47,000	\$ 44,000	\$ 41,000	\$ 38,000	\$ 35,000
Net investment income	787	39,305	14,952	6,779	23,640
Benefit payments including refunds of employee contributions	(100,746)	(101,796)	(104,220)	(101,394)	(106,251)
Administrative expense	(4,518)	(5,885)	(740)	(2,822)	(936)
State contributions	<u>23,194</u>	<u>23,194</u>	<u>23,194</u>	<u>23,194</u>	<u>23,194</u>
Net changes	(34,283)	(1,182)	(25,814)	(36,243)	(25,353)
Plan fiduciary net position - beginning	<u>316,321</u>	<u>317,503</u>	<u>343,317</u>	<u>379,560</u>	<u>404,913</u>
Plan fiduciary net position-ending	<u>\$ 282,038</u>	<u>\$ 316,321</u>	<u>\$ 317,503</u>	<u>\$ 343,317</u>	<u>\$ 379,560</u>
Net pension liability – ending	<u>\$ 558,290</u>	<u>\$ 500,994</u>	<u>\$ 540,971</u>	<u>\$ 473,295</u>	<u>\$ 477,872</u>
Plan fiduciary net position as a percentage of total pension liability	33.56%	38.70%	36.98%	42.04%	44.27%
Covered payroll	N/A	N/A	N/A	N/A	N/A
Net pension liability as percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

*Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

CITY OF SHERIDAN, COLORADO
SCHEDULE OF CONTRIBUTIONS
VOLUNTEER PENSION TRUST FUND
 LAST 10 FISCAL YEARS*

Measurement period ending December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 66,102	\$ 46,984	\$ 46,984	\$ 45,879	\$ 45,879
Actual contribution	<u>70,194</u>	<u>67,194</u>	<u>64,194</u>	<u>61,194</u>	<u>58,194</u>
Contribution excess	<u>\$ (4,092)</u>	<u>\$ (20,210)</u>	<u>\$ (17,210)</u>	<u>\$ (15,315)</u>	<u>\$ (12,315)</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A
Actual contribution as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

*Fiscal year 2015 was the first year of implementation, therefore only available years are shown.

CITY OF SHERIDAN, COLORADO
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
STATEWIDE DEFINED BENEFIT PLAN
 LAST 10 FISCAL YEARS*

Reporting Fiscal Year Measurement Date:	2019 <u>2018</u>	2018 <u>2017</u>	2017 <u>2016</u>	2016 <u>2015</u>	2015 <u>2014</u>	2014 <u>2013</u>
City's proportion (percentage) of the collective net pension liability	0.3008%	0.0329%	0.3516%	0.3457%	0.3436%	0.3531%
City's proportionate share of the collective net pension liability (asset)	\$ 380,330	\$ (473,065)	\$ 127,044	\$ (6,095)	\$ (387,777)	\$ (315,695)
Covered payroll	\$ 2,428,527	\$ 2,015,125	\$ 1,807,735	\$ 1,681,663	\$ 1,545,175	\$ 1,533,450
City's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	15.66%	23.48%	7.03%	0.36%	25.10%	20.59%
Plan fiduciary net pension as a percentage of the total pension asset (liability)	95.20%	106.30%	98.21%	100.10%	106.80%	105.80%

*Fiscal year 2013 was the first year of implementation, therefore only available years are shown.

CITY OF SHERIDAN, COLORADO
SCHEDULE OF THE CITY'S CONTRIBUTIONS AND RELATED RATIOS
STATEWIDE DEFINED BENEFIT PLAN
 LAST 10 FISCAL YEARS*

Reporting period ending December 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contributions	\$ 194,282	\$ 161,210	\$ 153,871	\$ 144,619	\$ 134,533	\$ 123,614	\$ 122,676
Contributions in relation to the statutorily required contributions	<u>194,282</u>	<u>161,210</u>	<u>153,871</u>	<u>144,619</u>	<u>134,533</u>	<u>123,614</u>	<u>122,676</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 2,428,527</u>	<u>\$ 2,015,125</u>	<u>\$ 1,923,388</u>	<u>\$ 1,807,735</u>	<u>\$ 1,681,663</u>	<u>\$ 1,545,175</u>	<u>\$ 1,533,450</u>
Contribution as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

*Fiscal year 2013 was the first year of implementation, therefore only available years are shown.

CITY OF SHERIDAN, COLORADO
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
STATEWIDE HYBRID BENEFIT PLAN
 LAST 10 FISCAL YEARS*

Reporting Fiscal Year Measurement Date:	2019 <u>2018</u>	2018 <u>2017</u>	2017 <u>2016</u>	2016 <u>2015</u>	2015 <u>2014</u>	2014 <u>2013</u>
City's proportion (percentage) of the collective net pension liability	4.6930%	0.4768%	0.5459%	0.8793%	1.2232%	1.5005%
City's proportionate share of the collective net pension liability (asset)	\$ (64,783)	\$ (93,222)	\$ (59,426)	\$ (92,620)	\$ (145,070)	\$ (153,056)
Covered payroll	\$ 114,175	\$ 93,500	\$ 88,379	\$ 141,375	\$ 189,275	\$ 242,650
City's proportionate share of the net pension asset as a percentage of its covered payroll	56.74%	99.70%	67.24%	65.51%	76.65%	63.08%
Plan fiduciary net pension as a percentage of the total pension asset	123.46%	138.86%	127.50%	129.44%	140.60%	139.00%

*Fiscal year 2013 was the first year of implementation, therefore only available years are shown.

CITY OF SHERIDAN, COLORADO
SCHEDULE OF THE CITY'S CONTRIBUTIONS AND RELATED RATIOS
STATEWIDE HYBRID BENEFIT PLAN
 LAST 10 FISCAL YEARS*

Reporting period ending December 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2,013</u>
Statutorily required contributions	\$ 9,134	\$ 7,480	\$ 7,290	\$ 7,070	\$ 11,310	\$ 15,142	\$ 19,412
Contributions in relation to the statutorily required contributions	<u>9,134</u>	<u>7,480</u>	<u>7,290</u>	<u>7,070</u>	<u>11,310</u>	<u>15,142</u>	<u>19,412</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 114,175	\$ 93,500	\$ 91,125	\$ 88,379	\$ 141,375	\$ 189,275	\$ 242,650
Contribution as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

*Fiscal year 2013 was the first year of implementation, therefore only available years are shown.

**OTHER SUPPLEMENTARY INFORMATION
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

CITY OF SHERIDAN, COLORADO
COMBINING BALANCE SHEET-
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

With Comparative Totals for December 31, 2018

	<u>Special Revenue Funds</u>		<u>Total</u>	
	Conservation Trust Fund	Arapahoe County Open Space Fund	2019	2018
	<u>Fund</u>	<u>Fund</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>				
Cash and investments	\$ 203,185	\$ 567,257	\$ 770,442	\$ 707,085
Due from other funds	-	-	-	188,382
 Total Assets	 <u>\$ 203,185</u>	 <u>\$ 567,257</u>	 <u>\$ 770,442</u>	 <u>\$ 895,467</u>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ 16,466
Due to other funds	1,590	7,094	8,684	306,836
 Total Liabilities	 <u>1,590</u>	 <u>7,094</u>	 <u>8,684</u>	 <u>323,302</u>
 <u>Fund Balance</u>				
Restricted for parks and open space	201,595	560,163	761,758	572,165
 Total Fund Balance	 <u>201,595</u>	 <u>560,163</u>	 <u>761,758</u>	 <u>572,165</u>
 Total Liabilities and Fund Balance	 <u>\$ 203,185</u>	 <u>\$ 567,257</u>	 <u>\$ 770,442</u>	 <u>\$ 895,467</u>

See the accompanying Independent Auditors' Report.

CITY OF SHERIDAN, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	Special Revenue Funds			
	Conservation Trust Fund	Arapahoe County Open Space Fund	Total	
			2019	2018
<u>Revenues</u>				
Intergovernmental	\$ 53,037	\$ 1,013,999	\$ 1,067,036	\$ 906,666
Investment earnings	5,164	12,699	17,863	12,185
 Total Revenues	 58,201	 1,026,698	 1,084,899	 918,851
<u>Expenditures</u>				
Parks, recreation and open space	7,871	507,281	515,152	5,220
Capital Outlay	57,654	322,500	380,154	710,043
 Total Expenditures	 65,525	 829,781	 895,306	 715,263
 Changes in Fund Balance	 (7,324)	 196,917	 189,593	 203,588
 Fund Balance, Beginning	 208,919	 363,246	 572,165	 368,577
 Fund Balance, Ending	 <u>\$ 201,595</u>	 <u>\$ 560,163</u>	 <u>\$ 761,758</u>	 <u>\$ 572,165</u>

See the accompanying Independent Auditors Report.

CITY OF SHERIDAN, COLORADO
BUDGETARY COMPARISON SCHEDULE -
CONSERVATION TRUST FUND
YEAR ENDED DECEMBER 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	2019			Variance with Final Budget	2018
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Intergovernmental	\$ 41,973	\$ 41,973	\$ 53,037	\$ 11,064	\$ 43,104
Investment earnings	2,500	2,500	5,164	2,664	4,010
 Total Revenues	 44,473	 44,473	 58,201	 13,728	 47,114
<u>Expenditures</u>					
Parks, recreation and open space	201,000	201,000	7,871	193,129	5,220
Capital Outlay	-	-	57,654	(57,654)	-
 Total Expenditures	 201,000	 201,000	 65,525	 135,475	 5,220
Changes in fund balance	<u>\$ (156,527)</u>	<u>\$ (156,527)</u>	(7,324)	<u>\$ 149,203</u>	41,894
Fund Balance, Beginning			208,919		167,025
Fund Balance, Ending			<u>\$ 201,595</u>		<u>\$ 208,919</u>

See the accompanying Independent Auditors' Report.

CITY OF SHERIDAN, COLORADO
BUDGETARY COMPARISON SCHEDULE -
ARAPAHOE COUNTY OPEN SPACE FUND
YEAR ENDED DECEMBER 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	2019			Variance with Final Budget	2018
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Intergovernmental	\$ 959,034	\$ 1,306,607	\$ 1,013,999	\$ (292,608)	\$ 863,562
Investment earnings	4,000	13,336	12,699	(637)	8,175
Total Revenues	<u>963,034</u>	<u>1,319,943</u>	<u>1,026,698</u>	<u>(293,245)</u>	<u>871,737</u>
<u>Expenditures</u>					
Parks, recreation and open space	795,000	795,000	507,281	287,719	-
Capital Outlay	-	322,500	322,500	-	710,043
Total Expenditures	<u>795,000</u>	<u>1,117,500</u>	<u>829,781</u>	<u>287,719</u>	<u>710,043</u>
Changes in Fund Balance	<u>\$ 168,034</u>	<u>\$ 202,443</u>	196,917	<u>\$ (5,526)</u>	161,694
Fund Balance, Beginning			<u>363,246</u>		<u>201,552</u>
Fund Balance, Ending			<u>\$ 560,163</u>		<u>\$ 363,246</u>

CITY OF SHERIDAN, COLORADO
BUDGETARY COMPARISON SCHEDULE -
CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	2019			Variance With Final Budget	2018
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	50,000	50,000	50,106	106	232,021
Total Revenues	50,000	50,000	50,106	106	232,021
<u>Expenditures</u>					
General government	40,824	40,824	130,181	(89,357)	120,337
Police	15,000	15,000	202,216	(187,216)	213,704
Public Works	126,000	126,000	-	126,000	-
Capital Outlay	3,283,000	3,283,000	2,245,889	1,037,111	13,692,229
Debt Service					
Principal	10,085	10,085	10,085	-	53,323
Interest	1,372	1,372	1,372	-	2,860
Total Expenditures	3,476,281	3,476,281	2,589,743	886,538	14,082,453
Excess (deficiency) of revenues over (under) expenditures	(3,426,281)	(3,426,281)	(2,539,637)	886,644	(13,850,432)
<u>Other Financing Sources:</u>					
Insurance proceeds	-	-	24,272	24,272	24,868
Operating Transfers In	574,096	574,096	594,268	20,172	416,443
Total Other Financing Sources	574,096	574,096	618,540	44,444	441,311
Changes in Fund Balance	<u>\$ (2,852,185)</u>	<u>\$ (2,852,185)</u>	(1,921,097)	<u>\$ 931,088</u>	(13,409,121)
Fund Balance, Beginning			2,916,413		16,325,534
Fund Balance, Ending			<u>\$ 995,316</u>		<u>\$ 2,916,413</u>

CITY OF SHERIDAN, COLORADO
BUDGETARY COMPARISON SCHEDULE -
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	<u>2019</u>			<u>2018</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>	<u>Actual</u>
<u>Revenues</u>					
Taxes	\$ 2,132,327	\$ 2,132,327	\$ 2,140,926	\$ 8,599	\$ 2,176,194
Investment earnings	25,000	25,000	55,221	30,221	47,452
Total Revenues	<u>2,157,327</u>	<u>2,157,327</u>	<u>2,196,147</u>	<u>38,820</u>	<u>2,223,646</u>
<u>Expenditures</u>					
General government	35,210	35,210	20,255	14,955	20,654
Debt Service					
Principal	710,000	710,000	710,000	-	670,000
Interest	1,350,425	1,350,425	1,350,425	-	1,379,975
Contingency	50,000	50,000	-	50,000	-
Total Expenditures	<u>2,145,635</u>	<u>2,145,635</u>	<u>2,080,680</u>	<u>64,955</u>	<u>2,070,629</u>
Changes in Fund Balance	<u>\$ 11,692</u>	<u>\$ 11,692</u>	115,467	<u>\$ 103,775</u>	153,017
Fund Balance, Beginning			<u>1,428,449</u>		<u>1,275,432</u>
Fund Balance, Ending			<u>\$ 1,543,916</u>		<u>\$ 1,428,449</u>

See the accompanying Independent Auditors' Report.

CITY OF SHERIDAN, COLORADO
BUDGETARY COMPARISON SCHEDULE - NON GAAP BASIS
STORM WATER FUND
YEAR ENDED DECEMBER 31, 2019
With Comparative Totals for December 31, 2018

	<u>2019</u>			<u>2018</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Total Actual</u>	<u>Variance With Final Budget</u>	<u>Actual</u>
<u>Revenue</u>					
User changes and fees	\$ 106,000	\$ 90,609	\$ 90,609	\$ -	\$ 72,600
Interest income	1,300	1,532	1,532	-	1,585
Total Operating Revenues	107,300	92,141	92,141	-	74,185
<u>Operating Expenses</u>					
Stormwater operations	347,087	498,689	326,837	171,852	250,796
Operating Income (Loss)	\$ (239,787)	\$ (406,548)	(234,696)	\$ 171,852	(176,611)
<u>Non-Operating Income (Expense)</u>					
Vehicle payments	-	-	(34,372)	(34,372)	(34,373)
Changes in Net Position	<u>\$ (239,787)</u>	<u>\$ (406,548)</u>	(269,068)	<u>\$ 137,480</u>	(210,984)
Net Position, Beginning			4,171,146		4,382,130
<u>Budget to GAAP reconciling items</u>					
Capital contributions			3,478,028		-
Net Position, Ending			<u>\$7,380,106</u>		<u>\$4,171,146</u>

OTHER SUPPLEMENTARY INFORMATION
STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT

City or County:
City of Sheridan
YEAR ENDING :
December 2019

This Information From The Records Of City of Sheridan:

Prepared By: Teresa Adler
Phone: 303-762.200

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	788,960
3. Other local imposts (from page 2)	2,140,926
4. Miscellaneous local receipts (from page 2)	0
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.)	0
7. Total (1 through 6)	2,929,886
B. Private Contributions	
C. Receipts from State government (from page 2)	238,413
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	3,168,300

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	2,085,850
2. Maintenance:	143,463
3. Road and street services:	
a. Traffic control operations	11,530
b. Snow and ice removal	26,628
c. Other	131,187
d. Total (a. through c.)	169,344
4. General administration & miscellaneous	
5. Highway law enforcement and safety	655,110
6. Total (1 through 5)	3,053,768
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	1,350,425
b. Redemption	710,000
c. Total (a. + b.)	2,060,425
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	2,060,425
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	5,114,193

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

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	29,265,000		710,000	28,555,000
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	3,631,823	3,168,300	5,114,193	1,685,930	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	1,945,994	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
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	194,932	g. Other Misc. Receipts	
6. Total (1. through 5.)	194,932	h. Other	
c. Total (a. + b.)	2,140,926	i. Total (a. through h.)	0
	(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	213,162	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	25,251	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	25,251	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	238,413	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		99,065	99,065
c. Construction:			
(1). New Facilities		1,986,785	1,986,785
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,986,785	1,986,785
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	2,085,850	2,085,850
			(Carry forward to page 1)

Notes and Comments:

OTHER SUPPLEMENTARY INFORMATION
SEC RULE 15C2-12 SCHEDULES

CITY OF SHERIDAN

CONTINUING DISCLOSURE

December 31, 2019

TABLE II (Series 2016 & 2017)

History of City's Mill Levy

<u>Levy/Collection Year</u>	<u>General Fund</u>	<u>Bond Account¹</u>	<u>Abatements</u>	<u>Total Mill Levy</u>
2014/2015	5.974	2.095	0.062	8.131
2015/2016	5.974	17.359	0.030	23.363
2016/2017	5.974	19.857	0.365	26.196
2017/2018	5.974	18.058	0.077	24.109
2018/2019	5.974	17.288	0.582	23.844

¹ A separate account used to pay the principal of and interest on the City's general obligation bonds.

Source: Arapahoe County Assessor's Office

TABLE III (Series 2016 & 2017)

Historical of City's Assessed Valuation

<u>Levy/Collection Year</u>	<u>Gross Assessed Valuation</u>	<u>Tax Increment Valuation¹</u>	<u>Net Assessed Valuation</u>	<u>Percent Change</u>
2014/2015	105,273,990	21,253,215	84,020,775	
2015/2016	120,057,771	24,873,618	95,184,153	13.29%
2016/2017	120,791,182	26,568,341	94,222,841	-1.01%
2017/2018	144,253,544	31,623,905	112,629,639	19.54%
2018/2019	143,825,021	31,185,295	112,639,726	0.01%

¹ The City does not receive property revenue from incremental assessed valuation in excess of "base" valuation in property tax increment areas.

Source: Arapahoe County Assessor's Office

CITY OF SHERIDAN

CONTINUING DISCLOSURE

December 31, 2019

**TABLE V (Series 2016 & 2017)
Property Tax Collections for the City**

<u>Levy/Collection Year</u>	<u>Total Taxes Levied</u>	<u>Current Taxes Collected¹</u>	<u>Percent of Levy Collected</u>
2014/2015	683,173	678,623	99%
2015/2016	2,223,787	2,201,717	99%
2016/2017	2,468,262	2,459,810	100%
2017/2018	2,715,388	2,652,674	98%
2018/2019	2,685,782	2,683,959	100%

¹ Figures include current and delinquent tax collections, as well as penalties thereon.

The Arapahoe County Treasurer fees have not been deducted/

Source: The City of Sheridan

CITY OF SHERIDAN

CONTINUING DISCLOSURE

December 31, 2019

TABLE VIII (Series 2016 & 2017)

History of General Fund Revenues, Expenditures and Changes in Fund Balances

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
REVENUES					
Taxes	\$ 5,568,786	\$ 5,904,050	\$ 6,196,598	\$ 6,648,525	\$ 7,370,615
Licenses	383,800	414,140	646,801	451,936	525,200
Intergovernmental	173,567	147,750	381,113	119,330	88,907
Charges for services	258,281	361,221	297,048	315,919	291,919
Fines and forfeitures	1,381,927	1,523,984	1,410,476	1,621,189	1,606,529
Investment Earnings	4,050	15,831	9,212	71,059	111,251
Other income	857,699	882,515	960,870	969,196	994,888
Total Revenues	<u>8,628,110</u>	<u>9,249,491</u>	<u>9,902,118</u>	<u>10,197,154</u>	<u>10,989,309</u>
EXPENDITURES					
General government					
General government	429,464	412,990	434,563	514,847	549,671
City Clerk	123,606	142,143	207,775	169,642	175,423
Victims advocate	74,700	72,701	70,448	68,634	90,765
Municipal court	234,370	260,820	281,328	310,103	301,095
Legislative	219,296	179,683	180,449	253,522	248,306
Public Safety					
Police	3,894,439	4,024,519	4,033,802	4,453,924	5,055,285
Fire	1,917,792	1,956,145	1,995,267	2,035,172	2,035,172
Public works	656,855	661,282	720,088	826,547	818,719
Community Development	421,235	465,055	394,242	421,118	489,044
Non-departmental	375,932	373,055	472,787	452,490	486,850
Capital Equipment and Projects	-	-	385,649	-	-
Debt Service	174,122	176,950	-	-	-
Total Expenditures	<u>8,521,811</u>	<u>8,725,343</u>	<u>9,176,398</u>	<u>9,505,999</u>	<u>10,250,330</u>
Excess (Deficiency) of revenues over (under) expenditures	106,299	524,148	725,720	691,155	738,979
Other financing sources (uses)					
Debt proceeds	-	-	-	-	-
Transfers in	890,928	916,572	950,280	987,589	1,083,912
Transfers out	(609,392)	(702,191)	(639,981)	(416,397)	(594,268)
Sale of assets	-	-	-	-	5,096
Total	<u>281,536</u>	<u>214,381</u>	<u>310,299</u>	<u>571,192</u>	<u>494,740</u>
Changes in fund balance	387,835	738,529	1,036,019	1,262,347	1,233,719
Beginning fund balance	<u>2,282,326</u>	<u>2,670,161</u>	<u>3,408,690</u>	<u>4,444,709</u>	<u>5,707,056</u>
Ending Fund balance	<u>\$ 2,670,161</u>	<u>\$ 3,408,690</u>	<u>\$ 4,444,709</u>	<u>\$ 5,707,056</u>	<u>\$ 6,940,775</u>

Source: City's audited financial statements for years ended December 31, 2015 - 2019