

CITY OF SHERIDAN, COLORADO  
FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Sheridan, Colorado

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sheridan, Colorado (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of Sheridan Housing Authority, which represents 100 percent of the assets, liabilities, net position, revenues, and expenses of the discretely presented component unit as of December 31, 2023, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the City of Sheridan Housing Authority, are based solely on the report of the other auditors.

### **Basis for Opinions**

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

## **Responsibilities of Management for the Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and the GASB required pension schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the local highway finance report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the local highway finance report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the SEC Rule 15c2-12 continuing disclosures but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*The Adams Group, LLC*

Greenwood Village, Colorado  
June 26, 2024

## MANAGEMENT'S DISCUSSION & ANALYSIS

## 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, 2023. 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 2023 was (\$65,575,160) an increase of 10.27% from 2022. 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.
- On December 31, 2023, the City's governmental funds reported a combined ending fund balance of \$29,948,020 including the SRA and a fund balance of \$17,790,100 without the SRA. Of the non-SRA balance, \$10,377,516 is available for spending at the City's discretion (unassigned fund balance).
- The unassigned fund balance for the General Fund of \$10,377,516 is 78.38% of the total General Fund expenditures, up 2.69% from the prior year's balance of \$10,105,804.
- Sales Tax Revenue for the General Fund, the City's largest source of general revenue was \$5,472,737 for 2023 as compared to \$5,412,553 for the prior year, an increase of 1.1%. The increase is due to mainly 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 10-53 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 can be found on pages 62-68 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 (\$65,575,160) on a combined basis at the close of 2023. The SRA accounting for (\$106,061,967) and the City \$40,486,807.

The City’s net investment in capital assets (e.g. land, buildings, infrastructure, vehicles, equipment, etc.) is 75.68% 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 Net Position  
December 31,

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current assets	\$ 37,678,404	\$ 34,097,137	\$ 61,764	\$ 54,052	\$ 37,740,168	\$ 34,151,189
Noncurrent assets						
Capital assets, not depreciated	773,812	773,812	-	-	773,812	773,812
Capital assets, net of depreciation	43,264,924	45,170,035	6,359,956	6,623,516	49,624,880	51,793,551
Net pension asset	7,165	1,801,389	-	-	7,165	1,801,389
Internal balances	58,527	112,367	(58,527)	(112,367)	-	-
<b>Total Assets</b>	<b>81,782,832</b>	<b>81,954,740</b>	<b>6,363,193</b>	<b>6,565,201</b>	<b>88,146,025</b>	<b>88,519,941</b>
<b>Deferred Outflow s of Resources</b>						
Pension related deferred outflow	1,926,328	1,129,217	-	-	1,926,328	1,129,217
Deferred charge on refunding	3,068,961	3,594,468	-	-	3,068,961	3,594,468
Deferred derivative instruments	1,730,353	1,371,922	-	-	1,730,353	1,371,922
<b>Total Deferred Outflow s of Resources</b>	<b>6,725,642</b>	<b>6,095,607</b>	<b>-</b>	<b>-</b>	<b>6,725,642</b>	<b>6,095,607</b>
<b>Liabilities</b>						
Current liabilities	1,372,659	1,103,052	72	4,090	1,372,731	1,107,142
Noncurrent liabilities	152,378,745	159,148,974	-	-	152,378,745	159,148,974
<b>Total liabilities</b>	<b>153,751,404</b>	<b>160,252,026</b>	<b>72</b>	<b>4,090</b>	<b>153,751,476</b>	<b>160,256,116</b>
<b>Deferred Inflow s of Resources</b>						
Pension related deferred inflow	49,755	1,215,827	-	-	49,755	1,215,827
Unavailable revenue-property taxes	6,645,596	6,227,671	-	-	6,645,596	6,227,671
<b>Total Deferred Inflow s of Resources</b>	<b>6,695,351</b>	<b>7,443,498</b>	<b>-</b>	<b>-</b>	<b>6,695,351</b>	<b>7,443,498</b>
<b>Net Position</b>						
Net investment in capital assets	15,536,571	16,428,294	6,359,956	6,623,516	21,896,527	23,051,810
<b>Restricted</b>						
Net pension asset	7,165	1,801,389	-	-	7,165	1,801,389
Reserve/Emergencies	516,000	425,000	-	-	516,000	425,000
Debt service	12,549,918	12,161,161	-	-	12,549,918	12,161,161
Capital projects	1,825,036	1,467,851	-	-	1,825,036	1,467,851
Storm w ater	-	-	30,897	29,330	30,897	29,330
Parks and open space	1,586,714	1,316,376	-	-	1,586,714	1,316,376
Unrestricted	(103,959,685)	(113,245,248)	(27,732)	(91,735)	(103,987,417)	(113,336,983)
<b>Total Net Position</b>	<b>\$ (71,938,281)</b>	<b>\$ (79,645,177)</b>	<b>\$ 6,363,121</b>	<b>\$ 6,561,111</b>	<b>\$ (65,575,160)</b>	<b>\$ (73,084,066)</b>

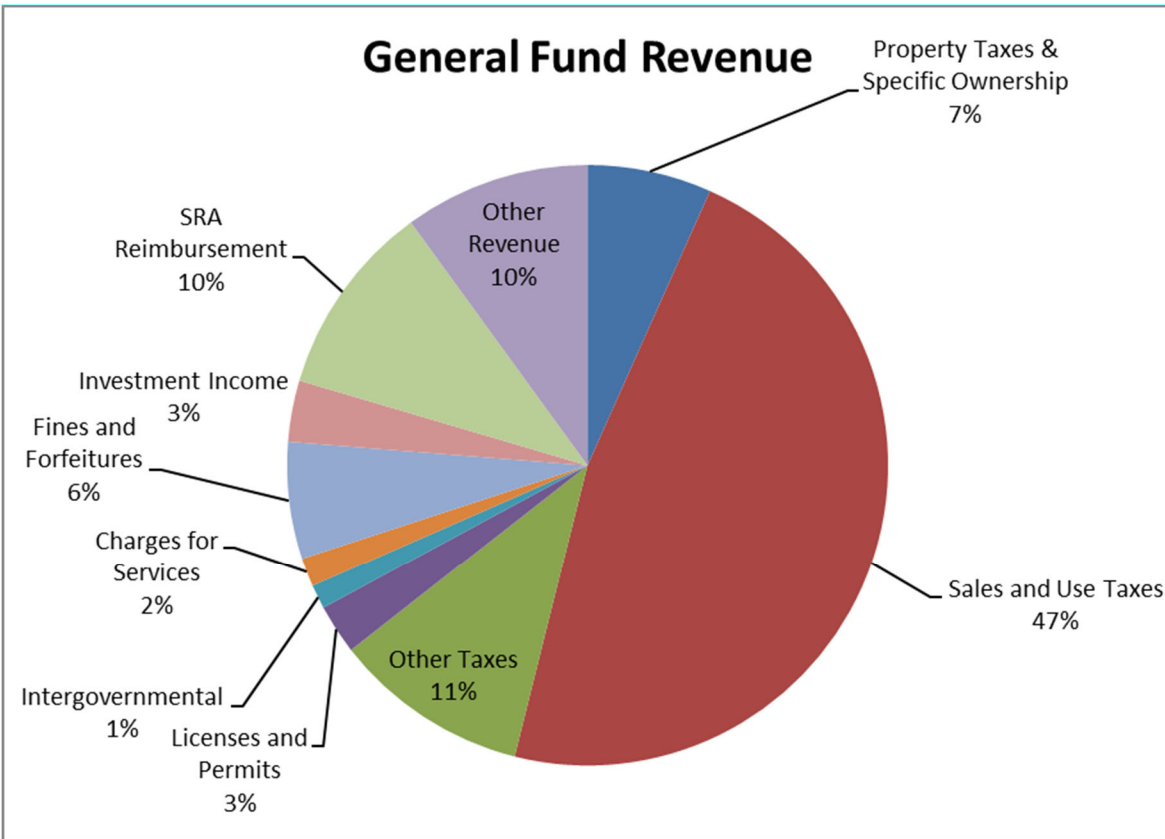
**Governmental Activities**

Governmental activities increased the City's net position by \$7,706,896.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 1,579,842	\$ 1,414,779	\$ 132,972	\$ 120,618	\$ 1,712,814	\$ 1,535,397
Operating Grants and Contributions	162,988	1,628,478	-	-	162,988	1,628,478
Capital Grants and Contributions	1,342,622	389,592	-	-	1,342,622	389,592
<b>Total Program Revenues</b>	<b>3,085,452</b>	<b>3,432,849</b>	<b>132,972</b>	<b>120,618</b>	<b>3,218,424</b>	<b>3,553,467</b>
<b>General Revenues</b>						
Taxes	22,536,096	21,158,239	-	-	22,536,096	21,158,239
Investment Earnings	1,595,802	455,210	1,566	503	1,597,368	455,713
Other Revenues	5,060,151	4,573,595	-	-	5,060,151	4,573,595
Transfers	-	34,373	-	(34,373)	-	-
<b>Total General Revenues</b>	<b>29,192,049</b>	<b>26,221,417</b>	<b>1,566</b>	<b>(33,870)</b>	<b>29,193,615</b>	<b>26,187,547</b>
<b>Total Revenues</b>	<b>32,277,501</b>	<b>29,654,266</b>	<b>134,538</b>	<b>86,748</b>	<b>32,412,039</b>	<b>29,741,014</b>
<b>Program Expenses</b>						
General Government	3,445,519	2,988,608	-	-	3,445,519	2,988,608
Public Safety	8,212,166	7,464,227	-	-	8,212,166	7,464,227
Public Works	2,927,570	2,908,541	-	-	2,927,570	2,908,541
Community Development	628,706	776,637	-	-	628,706	776,637
Parks and Open Space	1,366,697	426,133	-	-	1,366,697	426,133
Redevelopment Projects	17,582	1,085	-	-	17,582	1,085
Stormwater Operations	-	-	332,528	350,864	332,528	350,864
Interest on Long-Term Debt	7,972,365	8,059,540	-	-	7,972,365	8,059,540
<b>Total Program Expenses</b>	<b>24,570,605</b>	<b>22,624,771</b>	<b>332,528</b>	<b>350,864</b>	<b>24,903,133</b>	<b>22,975,635</b>
Change in Net Position	7,706,896	7,029,495	(197,990)	(264,116)	7,508,906	6,765,379
Net Position, Beginning (as restated)	(79,645,177)	(86,674,672)	6,561,111	6,825,227	(73,084,066)	(79,849,445)
<b>Net Position, Ending</b>	<b>\$ (71,938,281)</b>	<b>\$ (79,645,177)</b>	<b>\$ 6,363,121</b>	<b>\$ 6,561,111</b>	<b>\$ (65,575,160)</b>	<b>\$ (73,084,066)</b>

The following pie chart illustrates the General Fund revenues:



Property taxes increased in 2023 by 1.16%. This was due to a small increase in assessed valuation. Sales & Use Taxes increased by 1.11% due to increased sales in existing retail outlets.

### Business-type activities

The Storm Water Enterprise Fund had \$132,972 in revenue. Storm water also had \$332,528 in expenses. The ending net position for 2023 was \$6,363,121.

### 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 2023, the City's General Fund reported an ending fund balance of \$12,558,958 an increase of \$1,766,744 in comparison with the previous year. This increase was primarily due to the transfer to Capital fund expense being less than anticipated. Eighty-two percent of the total fund balance of \$10,377,516 represents the unassigned fund

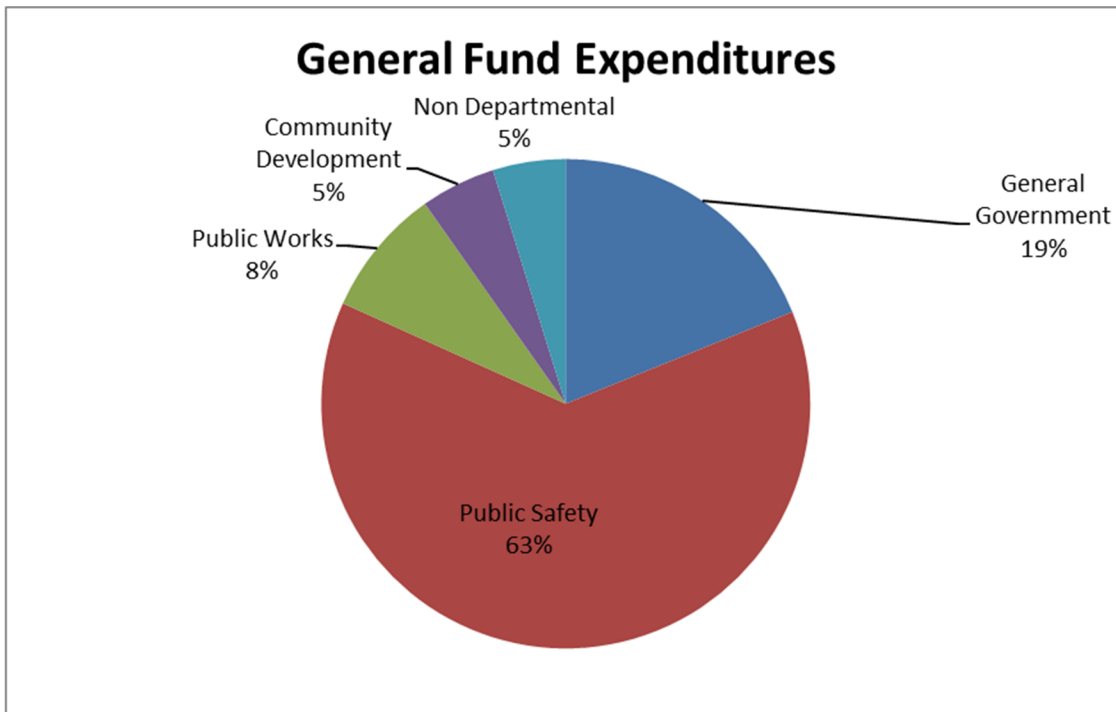
balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted for emergencies (\$516,000) and prepaid items (\$241,878).

### 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 \$30,897.

### 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 \$13,473,723 and the final budgeted expenditures were \$14,489,852. Total General Fund expenditures were \$13,239,745, 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, 2023 totaled \$44,002,999 (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 4.1% and this decrease was due to depreciation.

### **Long-term Debt**

In November 2015 the voters approved the City to issue \$31 million in bonds for street and infrastructure improvements. In 2023 \$845,000 in principal was paid for a remaining balance of \$25,395,000.

Compensated absences decreased by \$9,630 for a total of \$343,174. 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 continues to use a cautious approach both in estimating anticipated revenue and incurring actual expenditures.

The Sheridan Redevelopment Agency River Point project is progressing. New businesses opened in River Point in 2023 and are expected to continue to open until the space in River Point is completely occupied.

City General Fund expenditures for 2024 are estimated at \$15,430,011 and the Sheridan Redevelopment Agency's are estimated at \$1,788,168.

### **Request for Information**

This 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 this 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.

## FINANCIAL STATEMENTS

CITY OF SHERIDAN, COLORADO  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit Housing Authority
<u>Assets</u>				
Cash and investments	\$ 15,758,602	\$ 30,897	\$ 15,789,499	\$ 180,549
Restricted cash and investments	13,289,670	-	13,289,670	-
Accounts receivable	5,268	30,867	36,135	42,806
Taxes receivable	8,378,229	-	8,378,229	-
Accrued interest receivable	4,757	-	4,757	-
Prepaid items	241,878	-	241,878	-
Capital assets, not depreciated	773,812	-	773,812	-
Capital assets, net of depreciation	43,229,187	6,359,956	49,589,143	-
Leased assets	35,737	-	35,737	-
Net pension asset	7,165	-	7,165	-
Internal balances	58,527	(58,527)	-	-
Total Assets	<u>81,782,832</u>	<u>6,363,193</u>	<u>88,146,025</u>	<u>223,355</u>
<u>Deferred Outflows of Resources</u>				
Related to pension	1,926,328	-	1,926,328	-
Deferred charge on refunding	3,068,961	-	3,068,961	-
Deferred derivative instruments	1,730,353	-	1,730,353	-
Total Deferred Outflows of Resources	<u>6,725,642</u>	<u>-</u>	<u>6,725,642</u>	<u>-</u>
<u>Liabilities</u>				
Accounts payable	496,367	72	496,439	87,632
Unearned revenues	297,487	-	297,487	16
Accrued remarketing fees	61,160	-	61,160	-
Accrued facility fees	102,295	-	102,295	-
Accrued interest payable	234,101	-	234,101	-
Other liabilities	181,249	-	181,249	26,675
<u>Noncurrent liabilities</u>				
Due within one year	6,161,562	-	6,161,562	-
Due in more than one year	143,841,554	-	143,841,554	-
Net Pension liability	645,276	-	645,276	-
Liability for derivative instruments	1,730,353	-	1,730,353	-
Total Liabilities	<u>153,751,404</u>	<u>72</u>	<u>153,751,476</u>	<u>114,323</u>
<u>Deferred Inflows of Resources</u>				
Related to pension	49,755	-	49,755	-
Unavailable revenue - property taxes	6,645,596	-	6,645,596	-
Total Deferred Inflows of Resources	<u>6,695,351</u>	<u>-</u>	<u>6,695,351</u>	<u>-</u>
<u>Net Position</u>				
Net investment in capital assets	15,536,571	6,359,956	21,896,527	-
<u>Restricted</u>				
Net pension asset	7,165	-	7,165	-
Emergencies	516,000	-	516,000	-
Debt service	12,549,918	-	12,549,918	-
Capital projects	1,825,036	-	1,825,036	-
Open space	1,586,714	-	1,586,714	-
Stormwater	-	30,897	30,897	-
Unrestricted (deficit)	(103,959,685)	(27,732)	(103,987,417)	109,032
Total Net Position	<u>\$ (71,938,281)</u>	<u>\$ 6,363,121</u>	<u>\$ (65,575,160)</u>	<u>\$ 109,032</u>

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

CITY OF SHERIDAN, COLORADO  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023

	Program Revenues				Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Housing Authority
<u>Function/Programs</u>								
<u>Governmental Activities</u>								
General government	\$ 3,445,519	\$ 377,160	\$ 6,000	\$ -	\$ (3,062,359)	\$ -	\$ (3,062,359)	\$ -
Public safety	8,212,166	921,169	156,988	-	(7,134,009)	-	(7,134,009)	-
Public works	2,927,570	-	-	31,709	(2,895,861)	-	(2,895,861)	-
Community development	628,706	281,513	-	-	(347,193)	-	(347,193)	-
Parks and open space	1,366,697	-	-	1,310,913	(55,784)	-	(55,784)	-
Redevelopment projects	17,582	-	-	-	(17,582)	-	(17,582)	-
Interest and fiscal charges	7,972,365	-	-	-	(7,972,365)	-	(7,972,365)	-
Total Governmental Activities	<u>24,570,605</u>	<u>1,579,842</u>	<u>162,988</u>	<u>1,342,622</u>	<u>(21,485,153)</u>	<u>-</u>	<u>(21,485,153)</u>	<u>-</u>
<u>Business-Type Activities</u>								
Stormwater Operations	<u>332,528</u>	<u>132,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(199,556)</u>	<u>(199,556)</u>	<u>-</u>
Total Primary Government	<u>\$ 24,903,133</u>	<u>\$ 1,712,814</u>	<u>\$ 162,988</u>	<u>\$ 1,342,622</u>	<u>(21,485,153)</u>	<u>(199,556)</u>	<u>(21,684,709)</u>	<u>-</u>
<u>Component Unit</u>								
Housing Authority	<u>\$ 2,436,335</u>	<u>\$ -</u>	<u>\$ 2,270,133</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(166,202)</u>
<u>General Revenues</u>								
Property taxes					6,244,454	-	6,244,454	-
Specific ownership taxes					235,835	-	235,835	-
Sales and use taxes					14,844,506	-	14,844,506	-
Franchise taxes					480,063	-	480,063	-
Occupational privilege tax					382,692	-	382,692	-
Other taxes					348,546	-	348,546	-
Investment earnings					1,595,802	1,566	1,597,368	6,596
Other revenue					5,060,151	-	5,060,151	8,991
Total General Revenues					<u>29,192,049</u>	<u>1,566</u>	<u>29,193,615</u>	<u>15,587</u>
Change in Net Position					<u>7,706,896</u>	<u>(197,990)</u>	<u>7,508,906</u>	<u>(150,615)</u>
Net Position (Deficit), Beginning					<u>(79,645,177)</u>	<u>6,561,111</u>	<u>(73,084,066)</u>	<u>259,647</u>
Net Position (Deficit), Ending					<u>\$ (71,938,281)</u>	<u>\$ 6,363,121</u>	<u>\$ (65,575,160)</u>	<u>\$ 109,032</u>

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

CITY OF SHERIDAN, COLORADO  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2023

	General Fund	Sheridan Redevelopment Agency Fund	Debt Service Fund	Capital Improvements Fund	Other Governmental Fund	Totals
<u>Assets</u>						
Cash and investments	\$ 11,218,924	\$ 1,064,218	\$ 1,819,414	\$ -	\$ 1,656,046	\$ 15,758,602
Restricted cash and investments	-	10,105,409	-	2,911,838	272,423	13,289,670
Accounts receivable	5,268	-	-	-	-	5,268
Taxes receivable	1,670,084	4,767,065	1,941,080	-	-	8,378,229
Accrued interest receivable	-	4,757	-	-	-	4,757
Prepaid items	241,878	-	-	-	-	241,878
Due from other funds	1,242,641	-	-	-	-	1,242,641
Total Assets	<u>\$ 14,378,795</u>	<u>\$ 15,941,449</u>	<u>\$ 3,760,494</u>	<u>\$ 2,911,838</u>	<u>\$ 1,928,469</u>	<u>\$ 38,921,045</u>
<u>Liabilities and Fund Balances</u>						
<u>Liabilities</u>						
Accounts payable	\$ 230,174	\$ 9,352	\$ -	94,341	\$ 162,500	\$ 496,367
Other liabilities	181,249	-	-	-	-	181,249
Accrued facility fees	-	102,295	-	-	-	102,295
Accrued remarketing fees	-	61,160	-	-	-	61,160
Unearned revenue	259,881	37,606	-	-	-	297,487
Due to other funds	-	12,376	22	992,461	179,255	1,184,114
Total Liabilities	<u>671,304</u>	<u>222,789</u>	<u>22</u>	<u>1,086,802</u>	<u>341,755</u>	<u>2,322,672</u>
<u>Deferred Inflows of Resources</u>						
Unavailable revenue - property taxes	1,148,533	3,555,983	1,941,080	-	-	6,645,596
Deferred interest income	-	4,757	-	-	-	4,757
Total deferred inflows of resources	<u>1,148,533</u>	<u>3,560,740</u>	<u>1,941,080</u>	<u>-</u>	<u>-</u>	<u>6,650,353</u>
<u>Fund Balances</u>						
<u>Nonspendable</u>						
Prepaid items	241,878	-	-	-	-	241,878
<u>Restricted</u>						
Debt service	-	10,964,627	1,819,392	-	-	12,784,019
Capital projects	-	-	-	1,825,036	-	1,825,036
Emergencies	516,000	-	-	-	-	516,000
Parks and open space	-	-	-	-	1,586,714	1,586,714
<u>Assigned for:</u>						
Subsequent year budget appropriation	1,423,564	-	-	-	-	1,423,564
Redevelopment Authority	-	1,193,293	-	-	-	1,193,293
Unassigned	10,377,516	-	-	-	-	10,377,516
Total Fund Balances	<u>12,558,958</u>	<u>12,157,920</u>	<u>1,819,392</u>	<u>1,825,036</u>	<u>1,586,714</u>	<u>29,948,020</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,378,795</u>	<u>\$ 15,941,449</u>	<u>\$ 3,760,494</u>	<u>\$ 2,911,838</u>	<u>\$ 1,928,469</u>	<u>\$ 38,921,045</u>

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

CITY OF SHERIDAN, COLORADO  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2023

		<u>Amounts</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Fund balance - governmental funds		\$ 29,948,020
Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are deferred in the funds		
Accrued interest receivable		4,757
Capital assets and leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Leased assets	35,737	
Capital assets	61,315,317	
Accumulated depreciation	<u>(17,312,318)</u>	44,038,736
Other noncurrent assets and deferred inflows of resources are not available to pay for current period expenditures and, therefore, are deferred in the funds		
Net pension asset	7,165	
Deferred outflows of resources - related to pensions	<u>1,926,328</u>	1,933,493
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.		3,068,961
Other deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds		
Deferred inflows of resources - related to pensions		(49,755)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Deferred derivative instruments	1,730,353	
Bonds payable - City	(25,395,000)	
Unamortized premium	(3,107,165)	
Bonds payable - SRA	(92,956,500)	
Accreted interest - SRA	(28,201,277)	
Accrued interest	(234,101)	
Liability for derivative instruments	(1,730,353)	
Net pension liability	(645,276)	
Accrued compensated absences	<u>(343,174)</u>	<u>(150,882,493)</u>
Net Position (deficit) of Governmental Activities		<u>\$ (71,938,281)</u>

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

CITY OF SHERIDAN, COLORADO  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2023

	General Fund	Sheridan Redevelopment Agency Fund	Debt Service Fund	Capital Improvements Fund	Other Governmental Funds	Totals
<u>Revenues</u>						
Taxes	\$ 9,658,237	\$ 10,733,208	\$ 2,144,651	\$ -	\$ -	\$ 22,536,096
Licenses and permits	401,912	-	-	-	-	401,912
Intergovernmental	194,697	-	-	-	1,310,913	1,505,610
Charges for services	233,227	-	-	-	-	233,227
Fines and forfeitures	944,703	-	-	-	-	944,703
Investment earnings	494,622	755,218	133,691	120,081	92,190	1,595,802
Other income	1,499,965	3,451,436	-	-	-	4,951,401
Total Revenues	<u>13,427,363</u>	<u>14,939,862</u>	<u>2,278,342</u>	<u>120,081</u>	<u>1,403,103</u>	<u>32,168,751</u>
<u>Expenditures</u>						
General government	2,392,434	318,815	20,757	-	-	2,732,006
Public Safety	7,966,125	-	-	-	-	7,966,125
Public Works	1,075,712	-	-	-	-	1,075,712
Community development	629,082	-	-	-	-	629,082
Non-departmental	610,665	-	-	-	-	610,665
Parks, recreation and open space	-	-	-	-	8,715	8,715
Redevelopment projects	-	17,582	-	-	-	17,582
Capital outlay	-	-	-	422,783	1,124,050	1,546,833
Debt service						
Principal	-	9,420,000	845,000	-	-	10,265,000
Interest	-	3,394,055	1,214,425	-	-	4,608,480
Total Expenditures	<u>12,674,018</u>	<u>13,150,452</u>	<u>2,080,182</u>	<u>422,783</u>	<u>1,132,765</u>	<u>29,460,200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>753,345</u>	<u>1,789,410</u>	<u>198,160</u>	<u>(302,702)</u>	<u>270,338</u>	<u>2,708,551</u>
<u>Other financing sources (uses)</u>						
Transfer in	1,564,536	-	-	565,727	-	2,130,263
Transfers out	(565,727)	(1,564,536)	-	-	-	(2,130,263)
Insurance proceeds	-	-	-	75,660	-	75,660
Sale of assets	14,590	-	-	18,500	-	33,090
Total Other Financing Sources (Uses)	<u>1,013,399</u>	<u>(1,564,536)</u>	<u>-</u>	<u>659,887</u>	<u>-</u>	<u>108,750</u>
Changes in Fund Balance	1,766,744	224,874	198,160	357,185	270,338	2,817,301
Fund Balance, Beginning	<u>10,792,214</u>	<u>11,933,046</u>	<u>1,621,232</u>	<u>1,467,851</u>	<u>1,316,376</u>	<u>27,130,719</u>
Fund Balance, Ending	<u>\$ 12,558,958</u>	<u>\$ 12,157,920</u>	<u>\$ 1,819,392</u>	<u>\$ 1,825,036</u>	<u>\$ 1,586,714</u>	<u>\$ 29,948,020</u>

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

CITY OF SHERIDAN, COLORADO  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023

		Amounts
Amounts reported for governmental activities in the statements of activities are different because:		
Net changes in fund balances - governmental funds	\$	2,817,301
Revenues are recorded on the fund statements only if they are both measurable and available to pay for current period expenditures.		
Change in accrued interest receivable		4,757
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.		
Capital outlay	232,745	
Depreciation expense	(2,133,529)	
Amortization expense	(4,327)	(1,905,111)
Issuances of debt are treated as revenues in the governmental funds, but are recorded as liabilities on the statement of net position. Repayments of this debt are recorded as expenses in the governmental funds and reduce liabilities on the statement of net position.		
Amortization of loss on refunding	(525,507)	
Bond principal payments	10,265,000	
Bond premium amortization	168,388	
Change in accrued interest	17,837	
Change in accreted interest	(3,029,360)	6,896,358
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		
Pension income		(116,039)
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.		
Change in accrued compensated absences		9,630
Change in Net Position of Governmental Activities	\$	7,706,896

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

CITY OF SHERIDAN, COLORADO  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2023

	Storm Water Enterprise
<u>Assets</u>	
Current Assets	
Cash and investments	\$ 30,897
Accounts receivable	30,867
Total Current Assets	61,764
Noncurrent Assets	
Capital assets being depreciated, net	6,359,956
Total Noncurrent Assets	6,359,956
Total Assets	6,421,720
<u>Liabilities</u>	
Accounts payable	72
Due to other funds	58,527
Total Liabilities	58,599
<u>Net Position</u>	
Net investment in capital assets	6,359,956
Restricted for:	
Stormwater	30,897
Unrestricted	(27,732)
Total Net Position	\$ 6,363,121

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 FUND  
DECEMBER 31, 2023

	<u>Storm Water Enterprise</u>
<u>Operating Revenues</u>	
User charges and fees	\$ 132,972
Total Operating Revenues	<u>132,972</u>
 <u>Operating Expenses</u>	
Stormwater operations	<u>332,528</u>
Total Operating Expenses	<u>332,528</u>
Operating (loss)	<u>(199,556)</u>
 Nonoperating income (expense)	
Investment income	<u>1,566</u>
Total nonoperating income (expense)	<u>1,566</u>
 Changes in Net Position	 (197,990)
 Net Position, Beginning	 <u>6,561,111</u>
 Net Position, Ending	 <u>\$ 6,363,121</u>

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

CITY OF SHERIDAN, COLORADO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2023

	<u>Storm Water Enterprise</u>
Cash Flows from Operating Activities	
Cash received from tenants and others	\$ 126,827
Cash payments to employees	(33,920)
Cash payments to vendors	(39,066)
Net Cash Provided by Operating Activities	<u>53,841</u>
Cash Flows from Non-Capital Financing Activities	
Cash payments to other funds	<u>(53,840)</u>
Net Cash Used by Non-Capital Financing Activities	<u>(53,840)</u>
Cash Flows from Investing Activities	
Interest received	<u>1,566</u>
Net Cash Provided by Investing Activities	<u>1,566</u>
Net Increase in Cash and Cash Equivalents	1,567
Cash and Cash Equivalents, Beginning	<u>29,330</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 30,897</u></u>
Reconciliation of net operating (loss) to net cash provided by operating activities	
Net operating (loss)	\$ (199,556)
Adjustments to reconcile net operating (loss) to net cash provided by operating activities	
Depreciation expense	263,560
Changes in assets and liabilities	
Account receivable	(6,145)
Account payable	(4,018)
Net Cash Provided by Operating Activities	<u><u>\$ 53,841</u></u>

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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 applicable to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

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, 2023, SRA reimbursed the City \$1,564,536 for expenditures. 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.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discretely Presented Component Unit (Continued)

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.

The statement of net position presents the financial position of the governmental and business-type activities of the City at year-end and also presents the financial position of the discretely presented component unit.

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.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other eligibility requirements have been met. For this purpose, the City considers grant revenues to be susceptible to accrual if collected within 90 days after the current fiscal period. All other revenues are considered to be 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.

The *Sheridan Redevelopment Agency* is a blended component unit whose purpose is to develop blighted areas within the City.

The *Debt Service Fund* is used to service the Series 2016 and 2017 Bonds.

The *Capital Improvements Fund* is used to manage funding earmarked for capital projects.

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.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Storm Water Fund* accounts for the revenues and expenses related to the provision of stormwater services.

Interfund transactions are treated and classified as revenues, expenditures, or expenses. These include interfund transfers from one fund to another for the purchase of goods or services. In the government-wide statement of activities, interfund transactions are eliminated unless the transfer is between the governmental and business-type activities.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances

*Cash and Investments* – The City’s cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported in accordance with GASB Statement 72, as amended.

*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, 2023 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*.

*Property Taxes* – By December 15 of each year, property taxes for the City are levied by the Board and certified to Arapahoe County for collection in the subsequent year. These taxes attach as an enforceable lien on property as of January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection. The taxes are collected by Arapahoe County on behalf of the City.

Property taxes levied in the General Fund and Debt Service Fund are included in receivables and deferred inflows at December 31, 2023. These taxes are classified as deferred inflows since they are not normally available until after the period of availability.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances (Continued)

*Prepaid items* – Certain payments to vendors and other third parties reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Expenditures/expenses are recorded when the service underlying the prepaid item is provided (consumption method).

*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 acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

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

*Lease Assets* – The City determines if an arrangement is a lease at inception. Lease assets represent the City’s control of the right to use an underlying asset for the lease term, in an exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the lease term or useful life of the underlying asset.

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances (Continued)

*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. For governmental funds, there is no legal requirement to accumulate expendable available financial resources to liquidate the obligation; thus expenditures are recognized in the governmental funds when payments are made to employees. The liability is typically liquidated with resources of the same fund that has paid the applicable employee's regular salaries and fringe benefits.

*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.

Debt premiums, discounts and losses on debt refunding are deferred and amortized over the life of the debt using the straight-line method. 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.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances (Continued)

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 and certain amounts related to the City's defined benefit plans which will be amortized and recognized as revenue/expense in future periods.

*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 the 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. Management 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.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Estimates* – The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Recently Adopted Accounting Pronouncements

During 2023, the City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The adoption of this statement had no impact on the City's financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

- 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 is not budgeted.
- Colorado Revised Statutes do not require budgets for Housing Authorities.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 3 - CASH AND INVESTMENTS

A summary of deposits and investments as of December 31, 2023, follows:

Petty cash	\$ 1,700
Cash with County Treasurer	16,910
Deposits	512,152
Investments	<u>17,378,780</u>
Total City Cash and Investments	<u>17,909,542</u>
Blended Component Unit:	
Sheridan Redevelopment Agency	
Cash	68,092
Investments	<u>11,101,535</u>
Total Blended Component Unit	<u>11,169,627</u>
Total Cash and Investments	<u>\$ 29,079,169</u>

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

Cash and investments	\$ 15,789,499
Restricted cash and investments	<u>13,289,670</u>
Total Cash and Investments	<u>\$ 29,079,169</u>

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.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Deposits (continued)

At December 31, 2023, the carrying amount of the City's deposits was \$530,762 and the bank balance was \$1,344,837 of which \$250,000 was covered by FDIC insurance the remaining covered by the PDPA. At December 31, 2023, all of the SRA's cash deposits were insured by federal depository insurance and are therefore not deemed to be exposed to custodial credit risk. The bank balance was \$94,784 with a carrying value of \$68,092 at December 31, 2023.

Investments

As of December 31, 2023, the City and SRA held the following investments:

Primary Government:

ColoTrust	\$ 16,951,142
CSIP	<u>427,638</u>
Total City Investments	<u><u>\$ 17,378,780</u></u>

Blended Component Unit:

Sheridan Redevelopment Agency	
ColoTrust	\$ 996,126
Fidelity Government Portfolio CLII	<u>10,105,409</u>
Total Blended Component Unit Investments	<u><u>\$ 11,101,535</u></u>

Credit Risk

The City has not adopted a formal investment policy; however, the City follows state statutes regarding investments.

Colorado statutes specify instruments in which units of local governments may invest, which include:

- Obligations of the United States, certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain reverse repurchase agreements
- Certain securities lending agreements
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market fund

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Credit Risk (continued)

- Guaranteed investment contracts
- Local government investment pools

*Fair Value Hierarchy* – The City and SRA 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 prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

COLOTRUST

The City and SRA invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. 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 any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAs/S1 by FitchRatings. COLOTRUST records its investments at fair value and the City and SRA records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (continued)

As of December 31, 2023, the City invested \$16,951,142 in COLOTRUST PLUS +. As of December 31, 2023, the SRA invested \$996,126 in COLOTRUST PLUS +.

PFM Funds Prime Series

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. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

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).

At December 31, 2023, the City had \$427,638 invested in CSIP.

Fidelity Government Portfolio II

At December 31, 2023, the SRA had invested in Fidelity Government Portfolio CL II (the Fund), a money market fund. The Fund invests in U.S. government repurchase agreements, agency floating-rate securities, U.S. Treasuries, agency fixed-rate securities, and U.S. Treasury inflation-protected securities. The Fund's investments have a weighted average of less than 30 days. The Fund is rated AAAM by Standard & Poor's and is measured by NAV. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

As of December 31, 2023, the SRA invested \$10,105,409 in the Fund.

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

*Interest Rate Risk* - Colorado revised statutes limit investment maturities to five years or less unless formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities to three years or less.

Restricted Cash

At December 31, 2023, the City had the following restricted cash balances:

Primary Government:	
Capital improvements	\$ 2,911,838
Debt service reserves	7,407,500
Parks and open space	272,423
Debt repayment	<u>2,697,909</u>
	<u>\$ 13,289,670</u>

Housing Authority Cash

At December 31, 2023, the carrying amount of deposits for the Sheridan Housing Authority was \$127,948. The entire Housing Authority balance was covered by FDIC insurance. In addition, at December 31, 2023, the Housing Authority had \$52,601 invested in COLOTRUST.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, is summarized below:

	<u>Balances</u> <u>12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/2023</u>
<i>Governmental Activities</i>				
Capital assets, not being depreciated				
Land	\$ 773,812	\$ -	\$ -	\$ 773,812
Total capital assets, not being depreciated	<u>773,812</u>	<u>-</u>	<u>-</u>	<u>773,812</u>
Capital assets, being depreciated				
Buildings	2,522,751	83,951	-	2,606,702
Vehicles	1,886,272	133,299	(78,130)	1,941,441
Equipment	221,322	15,495	-	236,817
Infrastructure	55,756,545	-	-	55,756,545
Total capital assets, being depreciated	<u>60,386,890</u>	<u>232,745</u>	<u>(78,130)</u>	<u>60,541,505</u>
Accumulated depreciation				
Buildings	(1,512,265)	(99,061)	-	(1,611,326)
Vehicles	(1,128,833)	(204,445)	78,130	(1,255,148)
Equipment	(200,639)	(7,829)	-	(208,468)
Infrastructure	(12,415,182)	(1,822,194)	-	(14,237,376)
Total accumulated depreciation	<u>(15,256,919)</u>	<u>(2,133,529)</u>	<u>78,130</u>	<u>(17,312,318)</u>
Total capital assets, being depreciated, net	<u>45,129,971</u>	<u>(1,900,784)</u>	<u>-</u>	<u>43,229,187</u>
Governmental activities capital assets, net	<u>\$ 45,903,783</u>	<u>\$ (1,900,784)</u>	<u>\$ -</u>	<u>\$ 44,002,999</u>

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

Depreciation per function	
General government	\$ 105,015
Public safety	136,165
Public works	1,848,455
Parks and recreation	43,894
Total	<u>\$ 2,133,529</u>

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Balances</u> <u>12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/2023</u>
<i>Governmental Activities</i>				
Leased assets, being amortized				
Vehicles	\$ 44,391	\$ -	\$ -	\$ 44,391
Total leased assets being amortized	<u>44,391</u>	<u>-</u>	<u>-</u>	<u>44,391</u>
Accumulated amortization				
Vehicles	<u>(4,327)</u>	<u>(4,327)</u>	<u>-</u>	<u>(8,654)</u>
Total accumulated amortization	<u>(4,327)</u>	<u>(4,327)</u>	<u>-</u>	<u>(8,654)</u>
Total leased assets, being amortized, net	<u>\$ 40,064</u>	<u>\$ (4,327)</u>	<u>\$ -</u>	<u>\$ 35,737</u>

Amortization expense was charged to the public works function on the statement of activities.

Capital asset activity for the year ended December 31, 2023 is summarized below for business-type activities:

	<u>Balances</u> <u>12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/2023</u>
<i>Business Activities</i>				
Capital assets, being depreciated				
Site Improvements	\$ 7,844,502	\$ -	\$ -	\$ 7,844,502
Accumulated depreciation	<u>(1,220,986)</u>	<u>(263,560)</u>	<u>-</u>	<u>(1,484,546)</u>
Business activities capital assets, net	<u>\$ 6,623,516</u>	<u>\$ (263,560)</u>	<u>\$ -</u>	<u>\$ 6,359,956</u>

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 5 - LONG-TERM DEBT

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2023.

	Balances 12/31/2022	Advances	Payments	Balances 12/31/2023	Due Within One Year
General obligation bonds					
Series 2016	\$ 14,775,000	\$ -	\$ 490,000	\$ 14,285,000	\$ 515,000
Series 2016 Premium	1,620,361	-	85,282	1,535,079	85,282
Series 2017	11,465,000	-	355,000	11,110,000	365,000
Series 2017 Premium	1,655,192	-	83,106	1,572,086	83,106
Compensated absences	352,804	328,236	337,866	343,174	343,174
Total City Debt	<u>29,868,357</u>	<u>328,236</u>	<u>1,351,254</u>	<u>28,845,339</u>	<u>1,391,562</u>
Sheridan Redevelopment Agency					
2011A-1	39,890,000	-	3,945,000	35,945,000	4,185,000
2011A-2	5,560,000	-	550,000	5,010,000	585,000
2011B-1	15,462,695	-	1,692,849	13,769,846	-
2011B-1 Accreted Interest	2,743,711	258,411	277,151	2,724,971	-
2011B-2	23,303,407	-	2,535,019	20,768,388	-
2011B-2 Accreted Interest	4,127,042	388,704	419,981	4,095,765	-
2011C	17,463,266	-	-	17,463,266	-
2011C Accreted Interest	18,998,296	2,382,245	-	21,380,541	-
Total	<u>127,548,417</u>	<u>3,029,360</u>	<u>9,420,000</u>	<u>121,157,777</u>	<u>4,770,000</u>
Total Noncurrent Obligations	<u>\$ 157,416,774</u>	<u>\$ 3,357,596</u>	<u>\$ 10,771,254</u>	<u>\$ 150,003,116</u>	<u>\$ 6,161,562</u>

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

General Obligation Bonds

On April 6, 2016, the City issued \$17,980,000 of General Obligation Bonds (Series 2016 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.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Projected annual debt service requirements for the outstanding Series 2016 General Obligation Bonds at December 31, 2023, are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 515,000	\$ 623,775	\$ 1,138,775
2025	540,000	598,026	1,138,026
2026	565,000	571,025	1,136,025
2027	595,000	542,776	1,137,776
2028	625,000	513,025	1,138,025
2029 - 2033	3,630,000	2,063,875	5,693,875
2034 - 2038	4,615,000	1,077,350	5,692,350
2039 - 2041	3,200,000	210,113	3,410,113
Total	<u>\$ 14,285,000</u>	<u>\$ 6,199,965</u>	<u>\$ 20,484,965</u>

On September 9, 2017, the City issued \$13,020,000 of General Obligation Bonds (Series 2017 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, 2023, are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 365,000	\$ 555,500	\$ 1,138,775
2025	380,000	537,250	1,136,525
2026	400,000	518,250	1,138,275
2027	420,000	498,250	1,138,775
2028	440,000	477,250	1,138,775
2029 - 2033	2,570,000	2,031,750	5,686,625
2034 - 2038	3,275,000	1,322,000	5,697,375
2039 - 2042	3,260,000	417,500	5,691,075
Total	<u>\$ 11,110,000</u>	<u>\$ 6,357,750</u>	<u>\$ 22,766,200</u>

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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 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 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. 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, 2023, amounts borrowed and repaid under the letters of credit totaled \$6,097,182.

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. At December 31, 2023, the Series 2011A Bonds Reserve Fund is fully funded.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

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.

At December 31, 2023, the SRA was in compliance with Rolling Twelve Month Debt Service Coverage Ratio requirement.

Projected annual debt service requirements for the outstanding Series 2011A-1 Bonds at December 31, 2023, are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,185,000	\$ 1,427,322	\$ 5,612,322
2025	4,455,000	1,257,696	5,712,696
2026	4,735,000	1,081,278	5,816,278
2027	5,035,000	893,772	5,928,772
2028	5,350,000	696,288	6,046,288
2029	12,185,000	482,526	12,667,526
Total	<u>\$ 35,945,000</u>	<u>\$ 5,838,882</u>	<u>\$ 41,783,882</u>

Projected annual debt service requirements for the outstanding Series 2011A-2 Bonds at December 31, 2023, are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 585,000	\$ 264,750	\$ 849,750
2025	620,000	233,198	853,198
2026	660,000	200,524	860,524
2027	700,000	165,742	865,742
2028	745,000	129,205	874,205
2029	1,700,000	89,590	1,789,590
Total	<u>\$ 5,010,000</u>	<u>\$ 1,083,009</u>	<u>\$ 6,093,009</u>

CITY OF SHERIDAN, COLORADO  
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NOTE 5 - LONG-TERM DEBT (CONTINUED)

Subordinate Tax Increment Refunding Revenue Bonds Series 2011B

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 be defeased. 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. 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, 2023, there were no past due sinking fund requirements.

Projected annual debt service requirements for the outstanding Series 2011B-1 Bonds at December 31, 2023, are as follows:

CITY OF SHERIDAN, COLORADO  
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NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ -	\$ -
2025	397,103	152,897	550,000
2026	657,738	162,262	820,000
2027	648,505	171,495	820,000
2028	639,403	180,597	820,000
2029 - 2033	5,160,733	1,764,267	6,925,000
2034 - 2038	5,258,545	2,291,455	7,550,000
2039	1,007,819	502,180	1,509,999
Total	<u>\$ 13,769,846</u>	<u>\$ 5,225,153</u>	<u>\$ 18,994,999</u>

Projected annual debt service requirements for the outstanding Series 2011B-2 Bonds at December 31, 2023, are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ -	\$ -
2025	677,858	232,143	910,001
2026	998,639	246,361	1,245,000
2027	984,621	260,379	1,245,000
2028	966,902	273,098	1,240,000
2029 - 2033	7,678,574	2,621,426	10,300,000
2034 - 2038	7,940,054	3,459,946	11,400,000
2039	1,521,740	758,260	2,280,000
Total	<u>\$ 20,768,388</u>	<u>\$ 7,851,613</u>	<u>\$ 28,620,001</u>

Series 2011C Note Payable

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.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Series 2011C Note Payable (continued)

Any Series 2011C note not paid as of its maturity date will no longer accrete interest, and if not paid by December 15, 2106, will be defeased.

Deferred Loss on Refunding

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.

Compensated Absences

Compensated absences are expected to be liquidated with revenues of the General Fund. During the year ended December 31, 2023, the change in compensated absences was allocated to the following functions on the statement of activities.

Compensated absences by function	
General govt	\$ (2,167)
Public safety	(6,163)
Public works	(924)
Community development	(376)
Total	<u>\$ (9,630)</u>

NOTE 6 - DERIVATIVE INSTRUMENTS

The SRA is party to interest rate swap agreements classified as cash flow hedges which are recorded as deferred outflows of resources and long-term liabilities in the statement of net position. The contracts were entered into on March 7, 2007 and terminate on December 1, 2029.

Under the agreements, the SRA agreed to pay a fixed interest rate of 3.80% on a notional amount equal to the outstanding principal on the Series 2011A-1 Bonds and a fixed interest rate of 5.27% on a notional amount equal to the outstanding principal on the Series 2011A-2 Bonds to the counterparty, Royal Bank of Canada (“RBC”). The counterparty will in turn pay variable interest rate equal to the seven-day USD-SIFMA Municipal SWAP Index on a notional amount equal to the outstanding principal on the Series 2011 A-1 Bonds and a variable interest rate equal to the one-month SOFR Index on a notional amount equal to the outstanding principal on the Series 2011 A-2 Bonds.

CITY OF SHERIDAN, COLORADO  
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NOTE 6 - DERIVATIVE INSTRUMENTS (CONTINUED)

Net settlement payments are due to the counterparty on a monthly basis. During the year ended December 31, 2023, the SRA paid the counterparty approximately \$228,000 under the interest rate swap agreements.

Payments due to the counterparty are guaranteed by the developer and a related entity.

Fair Value

Fair value for the SRA's derivative instruments were estimated using the zero-coupon method, which calculates the future net settlement payments, assuming that current forward rates implied by the yield curve correctly anticipate future spot interest rates. The 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.

At December 31, 2023, the fair value of this contract is estimated to be a negative \$1,730,353 (i.e., a net liability to the SRA).

Credit Risk

The SRA has no net exposure to actual credit risk as the swap agreements were a net liability as of December 31, 2023.

RBC was rated Aa1 and AA- under Moody's and Standard and Poor's, respectively.

Interest Rate Risk

The SRA pays a fixed interest rate under the swap agreements and therefore has limited interest rate risk.

Basis Risk

The SRA is exposed to basis risk because the variable rate payments received on these derivative instruments are based on a rate or index other than interest rates the SRA pays on its hedged variable-rate debt (Series 2011 A-1 and A-2 Bonds), which is remarketed every 7 days. As of December 31, 2023, the weighted average interest rate on the SRA's hedged variable-rate debt was 4.2 percent, while the seven-day USD-SIFMA swap index rate was approximately 3.0 percent and the one-month SOFR was approximately 5.3 percent.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 6 - DERIVATIVE INSTRUMENTS (CONTINUED)

Termination 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. If the derivative instruments is in a liability position at the time of termination, the SRA would be liable for a payment equal to the liability, adjusted for netting arrangements.

Rollover Risk

As the swap agreements are scheduled to terminate when the 2011 A-1 and A-2 bonds mature, the SRA has no rollover risk.

NOTE 7 - LINE OF CREDIT

On December 30, 2023, the City renewed its line of credit with a bank for \$249,000 that matures on December 30, 2024. Interest is a variable rate on any unpaid principal balance and calculated based on the Wall Street Journal Prime Rate plus 2.50%. As of December 31, 2023 the interest rate was 11.00%. During the year ending December 31, 2023, the City made no draws on the line of credit. The line of credit is secured by a Deed of Trust, assignment of rents, and specific collateral.

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.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 8 - PENSION PLANS (CONTINUED)

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 \$626.19. In addition, firefighters receive \$31.31 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 \$31.31 for each year served.

The Volunteer Plan also provides for a lump-sum burial benefit in the amount of \$1,135.58 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 the City Council.

At December 31, 2023, the following members were covered by the benefit terms:

Retirees and Beneficiaries	14
Inactive, Nonretired Members	-
Active Members	-
	14
	14

*Contributions* – Contributions are determined by the FPPA actuary, using the entry age normal cost method as of January 1, 2023. Contributions into the pension fund are derived from two sources: contributions directly from the City and contributions from the State based on assessed property values and other formulas. For the year ended December 31, 2023 the City and State actual contributions of \$50,000 and \$23,194 respectively, were equal to the required contributions to the Volunteer Plan.

Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2023, the City reported a net pension liability of \$405,455. The net pension liability was measured as of December 31, 2022 and was determined by an actuarial valuation as of January 1, 2023. Standard update procedures were used to roll forward the total pension liability to December 31, 2023.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 8 - PENSION PLANS (CONTINUED)

Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended December 31, 2023, the City recognized pension expense of \$7,755. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	\$ 16,551	\$ -
Contributions Subsequent to the Measurement Date	50,000	-
Total	<u>\$ 66,551</u>	<u>\$ -</u>

\$50,000 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2024	\$ 58
2025	3,261
2026	4,872
2027	8,360
Total	<u>\$ 16,551</u>

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 8 - PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	14 years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50% per year of eligibility until 100% at age 65

Mortality rates were based on the following:

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

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

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits). Being that the plan's fiduciary net position is projected to be sufficient to pay benefits, the long-term expected rate of return of 7.00 percent was used as the discount rate.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 8 - PENSION PLANS (CONTINUED)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2022 are summarized in the following table:

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

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 8 - PENSION PLANS (CONTINUED)

Changes in the Net Pension Liability (Asset)

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 2.00 percent (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liabilities
<u>Volunteer Plan</u>	<u>[a]</u>	<u>[b]</u>	<u>[a]-[b]</u>
Balance, December 31, 2022	\$ 662,257	\$ 301,979	\$ 360,278
Changes for the year:			
Interest	43,772	-	43,772
Net investment income	-	(22,613)	22,613
Benefit payments including refunds of employee contributions	(75,165)	(75,165)	-
Difference between expected and actual experience of Total Pension Liability	(4,994)	-	(4,994)
Changes in assumptions	2,452	-	2,452
Administrative expense	-	(4,528)	4,528
State of Colorado supplemental discretionary payment	-	23,194	(23,194)
Net changes	<u>(33,935)</u>	<u>(79,112)</u>	<u>45,177</u>
Balance, December 31, 2023	<u>\$ 628,322</u>	<u>\$ 222,867</u>	<u>\$ 405,455</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

*Sensitivity of the City’s net pension liability to changes in the discount rate.* The following presents the net pension asset calculated using the discount rate of 7.00 percent, as well as the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1- percentage-point higher (8.00 percent) than the current rate:

	Current		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the Net Pension Liability (Asset)	<u>\$ 454,400</u>	<u>\$ 405,455</u>	<u>\$ 363,047</u>

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 8 - PENSION PLANS (CONTINUED)

The Fire & Police Pension Association administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at <http://www.fppaco.org>.

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

*Plan Description* – The City contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire and Police Pension Association of Colorado (FPPA). The Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Plan.

Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and requires supplementary information for both the SWDB and the Statewide Death and Disability Plan. FPPA issues a publicly available financial report that includes information on the plan. That report may be obtained at [www.fppaco.org](http://www.fppaco.org).

*Benefits Provided* – A plan member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

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

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis.

CITY OF SHERIDAN, COLORADO  
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NOTE 8 - PENSION PLANS (CONTINUED)

*State of Colorado Fire and Police Pension Association-Statewide Defined Benefit Plan (Continued)*

Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

*Contributions* – The City and eligible employees are required to contribute to the plan at rates established by State statutes. Employer contributions rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2022, members of the SWDB plan and their employers contributed at a rate of 12 percent and 9 percent, respectively of pensionable earnings for a total contribution rate of 21 percent. In 2023, members of the SWDB plan and their employers contributed at a rate of 12 percent and 9.5 percent, respectively, of pensionable earnings for a total contribution rate of 21.5 percent. The City's contributions to the plan of the year ended December 31, 2023, were \$222,605, equal to the required contributions.

*Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension*

At December 31, 2023, the City reported a net pension liability of \$239,821, representing its proportionate share of the net pension liability of the plan. The net pension liability was measured at December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2022, the City's proportion was 0.2702 percent which was a decrease of 0.0275 percent from its proportion measured at December 31, 2021.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 8 - PENSION PLANS (CONTINUED)

Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

For the year ended December 31, 2023, the City recognized pension expense of \$5,827. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 519,129	\$ 29,436
Changes of Assumptions or other Inputs	307,243	-
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	542,708	-
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
of Contributions	157,730	13,098
Contributions Subsequent to the Measurement Date	222,605	-
Total	<u>\$ 1,749,415</u>	<u>\$ 42,534</u>

\$222,605 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a decrease in the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2024	\$ 148,867
2025	250,567
2026	345,214
2027	468,892
2028	110,101
Thereafter	160,635
Total	<u>\$ 1,484,276</u>

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 8 - PENSION PLANS (CONTINUED)

Actuarial Assumptions

The actuarial valuations as of January 1, 2023, determined the total pension liability using the following actuarial assumptions and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial Valuation Date	January 1, 2023	January 1, 2022
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 years
Long-term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60 percent of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

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

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2022 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 8 - PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2022 are summarized in the following table:

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

Discount Rate

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

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 8 - PENSION PLANS (CONTINUED)

Discount Rate (Continued)

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 2.00 percent (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as the City’s proportionate share of the net pension asset (liability) if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate, as follows:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 1,653,294</u>	<u>\$ 239,821</u>	<u>\$ (930,992)</u>

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in FPPA’s separately issued financial report, which may be obtained at [www.fppaco.org](http://www.fppaco.org).

Statewide Hybrid Plan – Defined Benefit Component

*Plan Description* – The Statewide Hybrid Plan (SWH) was established January 1, 2004 as a cost-sharing multiple-employer pension plan covering full-time firefighters and police officers from departments that elect coverage. The Plan may also cover clerical staff, other fire district personnel whose services are auxiliary to fire protection, or chiefs who have opted out of the Statewide Defined Benefit Plan. As of January 1, 2023, the Statewide Defined Benefit Plan have merged to form the Statewide Retirement Plan (SRP) and the Statewide Hybrid Plan becomes the Hybrid Component of the Statewide Retirement Plan. The Plan is comprised of two components: Defined Benefit and Money Purchase. With the latter component, members have the option of choosing among various investment options offered by an outside investment manager. Employers may not withdraw from the Plan once affiliated.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 8 - PENSION PLANS (CONTINUED)

Statewide Hybrid Plan – Defined Benefit Component (continued)

The Plan assets associated with the Defined Benefit Component are included in the Fire & Police Members' Benefit Investment Fund and the Plan assets associated with the Money Purchase Component and Deferred Retirement Option Plan (DROP) assets are included in the Fire & Police Members' Self-Directed Investment Fund.

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

*Benefits Provided* – Through December 31, 2022, any member may retire from further service and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service. Effective January 1, 2023, and member may qualify for normal retirement if the member's combined years of service and age equal at least 80, with a minimum age of 50 (Rule of 80).

The annual normal pension of the Defined Benefit Component is 1.5 percent of the average of the member's highest three years' pensionable earnings for each year of credited service. For service credit granted through December 31, 2022, the benefit factor used to calculate the member's retirement benefit is 1.9 percent of the average of the member's highest three years' pensionable earnings. This change in benefit factor was also applied to retired members effective January 1, 2023 as part of the formation of the Statewide Retirement Plan. Benefits paid to retired members of the Defined Benefit Component are evaluated and may be re-determined annually on October 1. The amount of any increase is based on the Board's discretion.

A member is eligible for early retirement within the Defined Benefit Component after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, a member may elect to have all contributions, along with 5 percent 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 Defined Benefit Component of the Plan and remain eligible for a retirement pension at age 55 equal to 1.5 percent of the average of the member's highest three years' pensionable earnings for each year of credited service.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 8 - PENSION PLANS (CONTINUED)

Statewide Hybrid Plan – Defined Benefit Component (continued)

*Contributions* – The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. The members of the SWH plan and their employers are currently each contributing at a rate determined by the individual employer, however, the rate for both employer and members must be at least 8 percent of the member’s pensionable earnings. 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 from July 1, 2020 through June 30, 2021 was 13.80 percent. The Defined Benefit Component contribution rate from July 1, 2021 through June 30, 2022 was 14.1 percent. The City’s contributions to the plan of the year ended December 31, 2023, were \$13,331, equal to the required contributions.

Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2023, the City reported a net pension asset of \$7,165 representing its proportionate share of the net pension asset of the plan. The net pension asset was measured at December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. The City’s proportion of the net pension asset was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities.

At December 31, 2022, the City’s proportion was 0.4913 percent which was a decrease of 0.0044 percent from its proportion measured at December 31, 2021. For the year ended December 31, 2023, the City recognized pension expense of \$102,457. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 31,519	\$ -
Changes of Assumptions or other Inputs	8,194	-
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	29,243	-
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
of Contributions	28,075	7,221
Contributions Subsequent to the Measurement Date	13,331	-
Total	<u>\$ 110,362</u>	<u>\$ 7,221</u>

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 8 - PENSION PLANS (CONTINUED)

Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)

\$13,331 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as an increase in the net pension asset in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2024	\$ 24,449
2025	12,982
2026	14,758
2027	20,798
2028	2,876
Thereafter	13,947
Total	<u>\$ 89,810</u>

Actuarial Assumptions

The actuarial valuations for the SWH - Defined Benefit Component were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2022. The valuations used the following actuarial assumption and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
	January 1, 2023	January 1, 2022
Actuarial Valuation Date	January 1, 2023	January 1, 2022
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 years
Long-term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60 percent of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 8 - PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

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

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2022 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2022 are summarized in the following table:

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 8 - PENSION PLANS (CONTINUED)

Discount Rate

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

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.05 percent (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as the City’s proportionate share of the net pension asset (liability) if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate, as follows:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 54,105</u>	<u>\$ (7,165)</u>	<u>\$ (58,566)</u>

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 8 - PENSION PLANS (CONTINUED)

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 2023. Plan assets are held at 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, 2023 were \$51,947 equal to the required contribution.

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. The City’s claims have not exceeded coverage in any of the past three fiscal years.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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 50% 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, 2023 the City will receive a credit related to the 2022 premium of \$8,177. 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 \$62,010 at December 31, 2023. For the year ended December 31, 2023, the City's maximum monthly claim liability totaled \$561,596. Claims paid against this amount totaled \$402,878.

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.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

TABOR Amendment (continued)

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2023, the emergency reserve of \$516,000 was recorded as restricted 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.

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.

The SRA is unaware of any contingent liabilities arising from environmental remediation costs as of December 31, 2023.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Environmental Remediation – SRA (continued)

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, 2023, the City had a deficit net position related to governmental activities. 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.

NOTE 12 - INTERNAL BALANCES

All balances owed between funds as of December 31, 2023 are expected to be repaid within one year. In addition, during the year ended December 31, 2023, the Sheridan Redevelopment Agency transferred \$1,564,536 to the General Fund as reimbursement for services provided by the City to the SRA. In addition, the General Fund transferred \$565,727 to the Capital Improvements Fund for its operations.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHERIDAN, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2023  
With Comparative Totals for Year Ended December 31, 2022

	2023			Variance With Final Budget	2022
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Taxes	\$ 8,921,486	\$ 9,705,613	\$ 9,658,237	\$ (47,376)	\$ 8,787,625
Licenses	419,690	419,690	401,912	(17,778)	443,534
Intergovernmental	61,155	36,155	194,697	158,542	1,665,543
Charges for services	192,450	158,941	233,227	74,286	291,602
Fines and forfeitures	977,315	848,737	944,703	95,966	679,643
Investment earnings	80,000	467,545	494,622	27,077	157,055
Other income	2,889,969	3,247,268	1,499,965	(1,747,303)	1,199,189
Total Revenues	<u>13,542,065</u>	<u>14,883,949</u>	<u>13,427,363</u>	<u>(1,456,586)</u>	<u>13,224,191</u>
<u>Expenditures</u>					
General Government					
General government	988,723	1,261,672	1,500,907	(239,235)	1,085,005
City clerk	219,733	238,733	231,867	6,866	300,372
Victims advocate	150,544	133,038	130,768	2,270	115,001
Municipal court	316,492	303,930	298,204	5,726	335,176
Legislative	237,964	220,203	230,688	(10,485)	180,988
Total General Government	<u>1,913,456</u>	<u>2,157,576</u>	<u>2,392,434</u>	<u>(234,858)</u>	<u>2,016,542</u>
Public Safety					
Police	5,556,181	5,457,042	5,518,581	(61,539)	5,374,215
Fire	2,447,544	2,330,774	2,447,544	(116,770)	2,262,887
Total Public Safety	<u>8,003,725</u>	<u>7,787,816</u>	<u>7,966,125</u>	<u>(178,309)</u>	<u>7,637,102</u>
Public works					
Community Development	1,214,184	1,162,799	1,075,712	87,087	1,073,830
Non-Departmental	477,577	593,849	629,082	(35,233)	776,621
Debt Service	623,205	607,264	610,665	(3,401)	588,518
Debt Service	200,850	200,750	-	200,750	-
Total Expenditures	<u>12,432,997</u>	<u>12,510,054</u>	<u>12,674,018</u>	<u>(163,964)</u>	<u>12,092,613</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>1,109,068</u>	<u>2,373,895</u>	<u>753,345</u>	<u>(1,620,550)</u>	<u>1,131,578</u>
Other financing sources (uses)					
Transfer in	-	-	1,564,536	1,564,536	1,297,370
Transfer out	(1,040,726)	(1,979,798)	(565,727)	1,414,071	(609,148)
Sale of Assets	-	-	14,590	14,590	4,244
Total Other Financing Sources (Uses)	<u>(1,040,726)</u>	<u>(1,979,798)</u>	<u>1,013,399</u>	<u>2,993,197</u>	<u>692,466</u>
Changes in Fund Balance	<u>\$ 68,342</u>	<u>\$ 394,097</u>	1,766,744	<u>\$ 1,372,647</u>	1,824,044
Fund Balance, Beginning			<u>10,792,214</u>		<u>8,968,170</u>
Fund Balance, Ending			<u>\$ 12,558,958</u>		<u>\$ 10,792,214</u>

CITY OF SHERIDAN, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
SHERIDAN REDEVELOPMENT AGENCY FUND  
YEAR ENDED DECEMBER 31, 2023

With Comparative Totals for Year Ended December 31, 2022

	2023			Variance With Final Budget	2022
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Property tax increment revenue	\$ 3,258,396	\$ 3,334,106	\$ 3,334,298	\$ 192	\$ 3,177,545
Sales tax increment revenue	7,135,598	7,205,598	7,398,910	193,312	7,130,659
Public Improvement Fees	3,267,220	3,371,220	3,451,436	80,216	3,295,740
Investment earnings	57,000	57,000	755,218	698,218	199,825
<b>Total Revenue</b>	<b>13,718,214</b>	<b>13,967,924</b>	<b>14,939,862</b>	<b>971,938</b>	<b>13,803,769</b>
<u>Expenditures</u>					
General government	289,874	320,615	318,815	1,800	282,066
Redevelopment projects	2,700	2,700	17,582	(14,882)	1,085
Debt service	11,871,242	12,814,055	12,814,055	-	12,168,393
Contingency	70,000	66,617	-	66,617	-
<b>Total Expenditures</b>	<b>12,233,816</b>	<b>13,203,987</b>	<b>13,150,452</b>	<b>53,535</b>	<b>12,451,544</b>
Excess (deficiency) of revenues over (under ) expenditures	1,484,398	763,937	1,789,410	1,025,473	1,352,225
<u>Other Financing Sources (Uses)</u>					
Transfers out	(1,542,506)	(1,564,540)	(1,564,536)	4	(1,297,368)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,542,506)</b>	<b>(1,564,540)</b>	<b>(1,564,536)</b>	<b>4</b>	<b>(1,297,368)</b>
Changes in Fund Balance	<u>\$ (58,108)</u>	<u>\$ (800,603)</u>	224,874	<u>\$ 1,025,477</u>	54,857
Fund Balance, Beginning			11,933,046		11,878,189
Fund Balance, Ending			<u>\$ 12,157,920</u>		<u>\$ 11,933,046</u>

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Total Pension Liability</u>									
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	43,772	46,248	52,368	55,274	57,589	60,637	57,408	60,574	61,997
Benefit changes	-	-	25,204	-	42,925	-	43,504	-	27,371
Difference between expected and actual experience of the Total Pension Liability	(4,994)	-	(75,921)	-	2,778	-	3,968	-	(4,472)
Changes in assumptions	2,452	-	-	-	20,467	-	41,202	-	-
Benefit payments	(75,165)	(87,871)	(90,232)	(103,141)	(100,746)	(101,796)	(104,220)	(101,394)	(106,251)
Net changes	(33,935)	(41,623)	(88,581)	(47,867)	23,013	(41,159)	41,862	(40,820)	(21,355)
Total pension liability-beginning	662,257	703,880	792,461	840,328	817,315	858,474	816,612	857,432	878,787
Total pension liability-ending	<u>\$ 628,322</u>	<u>\$ 662,257</u>	<u>\$ 703,880</u>	<u>\$ 792,461</u>	<u>\$ 840,328</u>	<u>\$ 817,315</u>	<u>\$ 858,474</u>	<u>\$ 816,612</u>	<u>\$ 857,432</u>
<u>Plan Fiduciary Net Position</u>									
Contributions - employer	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 47,000	\$ 44,000	\$ 41,000	\$ 38,000	\$ 35,000
Net investment income	(22,613)	36,759	26,964	34,516	787	39,305	14,952	6,779	23,640
Benefit payments	(75,165)	(87,871)	(90,232)	(103,141)	(100,746)	(101,796)	(104,220)	(101,394)	(106,251)
Pension plan administrative expense	(4,528)	(6,332)	(4,072)	(6,232)	(4,518)	(5,885)	(740)	(2,822)	(936)
State of colorado supplemental discretionary payment	23,194	23,194	23,194	23,194	23,194	23,194	23,194	23,194	23,194
Net changes	(79,112)	15,750	5,854	(1,663)	(34,283)	(1,182)	(25,814)	(36,243)	(25,353)
Plan fiduciary net position - beginning	301,979	286,229	280,375	282,038	316,321	317,503	343,317	379,560	404,913
Plan fiduciary net position - ending	<u>\$ 222,867</u>	<u>\$ 301,979</u>	<u>\$ 286,229</u>	<u>\$ 280,375</u>	<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>\$ 405,455</u>	<u>\$ 360,278</u>	<u>\$ 417,651</u>	<u>\$ 512,086</u>	<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	35.47%	45.60%	40.66%	35.38%	33.56%	38.70%	36.98%	42.04%	44.27%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 48,910	\$ 63,846	\$ 63,846	\$ 66,102	\$ 66,102	\$ 46,984	\$ 46,984	\$ 45,879	\$ 45,879	\$ 45,879
Actual contribution*	<u>73,194</u>	<u>73,194</u>	<u>73,194</u>	<u>73,194</u>	<u>73,194</u>	<u>70,194</u>	<u>67,194</u>	<u>64,194</u>	<u>61,194</u>	<u>58,194</u>
Contribution deficiency (excess)	<u>\$ (24,284)</u>	<u>\$ (9,348)</u>	<u>\$ (9,348)</u>	<u>\$ (7,092)</u>	<u>\$ (7,092)</u>	<u>\$ (23,210)</u>	<u>\$ (20,210)</u>	<u>\$ (18,315)</u>	<u>\$ (15,315)</u>	<u>\$ (12,315)</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	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	N/A	N/A	N/A	N/A	N/A

\*Includes both employer and State of Colorado Discretionary payment.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion (percentage) of the collective net pension liability	0.4913%	0.4957%	0.4750%	0.4863%	0.4693%	0.4768%	0.5459%	0.8793%	1.2232%
City's proportionate share of the collective net pension liability (asset)	\$ (7,165)	\$ (187,980)	\$ (130,638)	\$ (94,696)	\$ (64,783)	\$ (93,222)	\$ (59,426)	\$ (92,620)	\$ (145,070)
Covered payroll	\$ 154,638	\$ 143,047	\$ 137,600	\$ 114,175	\$ 93,500	\$ 91,125	\$ 88,379	\$ 141,375	\$ 189,275
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(4.6%)	(131.4%)	(94.9%)	(82.9%)	(69.3%)	(102.3%)	(67.2%)	(65.5%)	(76.6%)
Plan fiduciary net pension as a percentage of the total pension liability (asset)	101.4%	149.0%	138.0%	130.1%	123.5%	138.9%	127.5%	129.4%	140.6%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contributions	\$ 222,606	\$ 225,891	\$ 209,025	\$ 235,690	\$ 194,282	\$ 161,210	\$ 153,871	\$ 144,619	\$ 134,533	\$ 123,614
Contributions in relation to the statutorily required contributions	<u>222,606</u>	<u>225,891</u>	<u>209,025</u>	<u>235,690</u>	<u>194,282</u>	<u>161,210</u>	<u>153,871</u>	<u>144,619</u>	<u>134,533</u>	<u>123,614</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll - SWDB	\$ 2,187,398	\$ 2,311,514	\$ 2,211,625	\$ 2,946,126	\$ 2,428,527	\$ 2,015,125	\$ 1,923,388	\$ 1,807,735	\$ 1,681,663	\$ 1,545,175
Covered payroll - SWDB Reentry	296,057	375,896	467,489	-	-	-	-	-	-	-
	<u>\$ 2,483,455</u>	<u>\$ 2,687,410</u>	<u>\$ 2,679,114</u>	<u>\$ 2,946,126</u>	<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>
Contribution as a percentage of covered payroll - SWDB Plan	9.5%	9.0%	8.5%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Contribution as a percentage of covered payroll - SWDB Rentry	5.0%	4.8%	4.5%							

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's proportion (percentage) of the collective net pension liability	0.4913%	0.4957%	0.4750%	0.4863%	0.4693%	0.4768%	0.5459%	0.8793%	1.2232%	1.5005%
City's proportionate share of the collective net pension liability (asset)	\$ (7,165)	\$ (187,980)	\$ (130,638)	\$ (94,696)	\$ (64,783)	\$ (93,222)	\$ (59,426)	\$ (92,620)	\$ (145,070)	\$ (153,056)
Covered payroll	\$ 154,638	\$ 143,047	\$ 137,600	\$ 114,175	\$ 93,500	\$ 91,125	\$ 88,379	\$ 141,375	\$ 189,275	\$ 242,650
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(4.6%)	(131.4%)	(94.9%)	(82.9%)	(69.3%)	(102.3%)	(67.2%)	(65.5%)	(76.6%)	(63.1%)
Plan fiduciary net pension as a percentage of the total pension liability (asset)	101.4%	149.0%	138.0%	130.1%	123.5%	138.9%	127.5%	129.4%	140.6%	139.0%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contributions	\$ 13,331	\$ 12,371	\$ 11,444	\$ 11,008	\$ 9,134	\$ 7,480	\$ 7,290	\$ 7,070	\$ 11,310	\$ 15,142
Contributions in relation to the statutorily required contributions	<u>13,331</u>	<u>12,371</u>	<u>11,444</u>	<u>11,008</u>	<u>9,134</u>	<u>7,480</u>	<u>7,290</u>	<u>7,070</u>	<u>11,310</u>	<u>15,142</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 166,633</u>	<u>\$ 154,638</u>	<u>\$ 143,047</u>	<u>\$ 137,600</u>	<u>\$ 114,175</u>	<u>\$ 93,500</u>	<u>\$ 91,125</u>	<u>\$ 88,379</u>	<u>\$ 141,375</u>	<u>\$ 189,275</u>
Contribution as a percentage of covered payroll	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

SUPPLEMENTARY INFORMATION

CITY OF SHERIDAN, COLORADO  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2023  
With Comparative Totals for December 31, 2022

	<u>Special Revenue Funds</u>		<u>Total</u>	
	<u>Conservation</u>	<u>Arapahoe</u>		
	<u>Trust</u>	<u>County Open</u>	<u>2023</u>	<u>2022</u>
	<u>Fund</u>	<u>Space</u>		
		<u>Fund</u>		<u>*</u>
<u>Assets</u>				
Cash and investments	\$ -	\$ 1,656,046	\$ 1,656,046	\$ 1,352,060
Restricted cash and investments	272,423	-	272,423	217,562
Total Assets	<u>\$ 272,423</u>	<u>\$ 1,656,046</u>	<u>\$ 1,928,469</u>	<u>\$ 1,569,622</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 162,500	\$ 162,500	\$ -
Due to other funds	17,659	161,596	179,255	153,246
Unearned revenue	-	-	-	100,000
Total Liabilities	<u>17,659</u>	<u>324,096</u>	<u>341,755</u>	<u>253,246</u>
<u>Fund Balances</u>				
Restricted for:				
Parks and open space	<u>254,764</u>	<u>1,331,950</u>	<u>1,586,714</u>	<u>1,316,376</u>
Total Fund Balances	<u>254,764</u>	<u>1,331,950</u>	<u>1,586,714</u>	<u>1,316,376</u>
Total Liabilities and Fund Balances	<u>\$ 272,423</u>	<u>\$ 1,656,046</u>	<u>\$ 1,928,469</u>	<u>\$ 1,569,622</u>

\* Adjusted 2022 balances from previously issued financial statements to exclude Capital Improvements Fund activity for comparability with 2023 balances.

CITY OF SHERIDAN, COLORADO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2023  
With Comparative Totals for Year Ended December 31, 2022

	<u>Special Revenue Funds</u>		<u>Total</u>	
	<u>Conservation Trust Fund</u>	<u>Arapahoe County Open Space Fund</u>	<u>2023</u>	<u>2022</u>
<u>Revenues</u>				
Intergovernmental	\$ 42,239	\$ 1,268,674	\$ 1,310,913	\$ 304,997
Investment earnings	12,623	79,567	92,190	25,691
Total Revenues	<u>54,862</u>	<u>1,348,241</u>	<u>1,403,103</u>	<u>330,688</u>
<u>Expenditures</u>				
Parks, recreation and open space	8,715	-	8,715	9,172
Capital Outlay	-	1,124,050	1,124,050	85,895
Total Expenditures	<u>8,715</u>	<u>1,124,050</u>	<u>1,132,765</u>	<u>95,067</u>
Changes in Fund Balance	46,147	224,191	270,338	235,621
Fund Balance, Beginning	<u>208,617</u>	<u>1,107,759</u>	<u>1,316,376</u>	<u>1,080,755</u>
Fund Balance, Ending	<u>\$ 254,764</u>	<u>\$ 1,331,950</u>	<u>\$ 1,586,714</u>	<u>\$ 1,316,376</u>

\* Adjusted 2022 activity from previously issued financial statements to exclude Capital Improvements Fund activity for comparability with 2023 activity.

CITY OF SHERIDAN, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
CONSERVATION TRUST FUND  
YEAR ENDED DECEMBER 31, 2023  
With Comparative Totals for Year Ended December 31, 2022

	2023		Variance with Final Budget	2022
	Original and Final Budget	Actual		Actual
<u>Revenues</u>				
Intergovernmental	\$ 39,265	\$ 42,239	\$ 2,974	\$ 38,938
Investment earnings	1,000	12,623	11,623	3,513
Total Revenues	40,265	54,862	14,597	42,451
<u>Expenditures</u>				
Parks, recreation and open space	12,000	8,715	3,285	9,172
Capital Outlay	100,000	-	100,000	-
Total Expenditures	112,000	8,715	103,285	9,172
Changes in fund balance	\$ (71,735)	46,147	\$ 117,882	33,279
Fund Balance, Beginning		208,617		175,338
Fund Balance, Ending		\$ 254,764		\$ 208,617

See the accompanying Independent Auditors' Report

CITY OF SHERIDAN, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
ARAPAHOE COUNTY OPEN SPACE FUND  
YEAR ENDED DECEMBER 31, 2023  
With Comparative Totals for Year Ended December 31, 2022

	<u>2023</u>				<u>2022</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>
<u>Revenues</u>					
Intergovernmental	\$ 851,370	\$ 1,342,734	\$ 1,268,674	\$ (74,060)	\$ 266,059
Investment earnings	5,500	73,779	79,567	5,788	22,178
Total Revenues	<u>856,870</u>	<u>1,416,513</u>	<u>1,348,241</u>	<u>(68,272)</u>	<u>288,237</u>
<u>Expenditures</u>					
Capital outlay	<u>735,292</u>	<u>1,181,960</u>	<u>1,124,050</u>	<u>57,910</u>	<u>85,895</u>
Total Expenditures	<u>735,292</u>	<u>1,181,960</u>	<u>1,124,050</u>	<u>57,910</u>	<u>85,895</u>
Changes in Fund Balance	<u>\$ 121,578</u>	<u>\$ 234,553</u>	224,191	<u>\$ (10,362)</u>	202,342
Fund Balance, Beginning			<u>1,107,759</u>		<u>905,417</u>
Fund Balance, Ending			<u>\$ 1,331,950</u>		<u>\$ 1,107,759</u>

See the accompanying Independent Auditors' Report

CITY OF SHERIDAN, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENT FUND  
YEAR ENDED DECEMBER 31, 2023  
With Comparative Totals for Year Ended December 31, 2022

	2023		Variance With Final Budget	2022
	Original and Final Budget	Actual		Actual
<u>Revenues</u>				
Intergovernmental revenues	\$ 525,127	\$ -	\$ (525,127)	\$ 47,530
Investment earnings	8,000	120,081	112,081	30,330
Total Revenues	533,127	120,081	(413,046)	77,860
<u>Expenditures</u>				
Public safety	152,000	-	152,000	160,606
Public Works	363,599	-	363,599	-
Capital Outlay	939,000	422,783	516,217	881,250
Debt Service				
Principal	-	-	-	44,391
Interest	-	-	-	1,438
Total Expenditures	1,454,599	422,783	1,031,816	1,087,685
Excess (deficiency) of revenues over (under) expenditures	(921,472)	(302,702)	618,770	(1,009,825)
<u>Other Financing Sources:</u>				
Transfers in	515,599	565,727	50,128	643,519
Insurance proceeds	-	75,660	75,660	56,843
Sale of assets	-	18,500	18,500	40,500
Total Other Financing Sources	515,599	659,887	144,288	740,862
Changes in Fund Balance	\$ (405,873)	357,185	\$ 763,058	(268,963)
Fund Balance, Beginning		1,467,851		1,736,814
Fund Balance, Ending		\$ 1,825,036		\$ 1,467,851

See the accompanying Independent Auditors' Report

CITY OF SHERIDAN, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
YEAR ENDED DECEMBER 31, 2023  
With Comparative Totals for Year Ended December 31, 2022

	2023		Variance With Final Budget	2022
	Original and Final Budget	Actual		Actual
<u>Revenues</u>				
Taxes	\$ 2,077,046	\$ 2,144,651	\$ 67,605	\$ 2,062,410
Investment earnings	4,000	133,691	129,691	42,309
Total Revenues	<u>2,081,046</u>	<u>2,278,342</u>	<u>197,296</u>	<u>2,104,719</u>
<u>Expenditures</u>				
General government	30,117	20,757	9,360	19,988
Debt Service				
Principal	845,000	845,000	-	810,000
Interest	1,214,425	1,214,425	-	1,248,025
Contingency	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Total Expenditures	<u>2,109,542</u>	<u>2,080,182</u>	<u>29,360</u>	<u>2,078,013</u>
Changes in Fund Balance	<u>\$ (28,496)</u>	198,160	<u>\$ 226,656</u>	26,706
Fund Balance, Beginning		<u>1,621,232</u>		<u>1,594,526</u>
Fund Balance, Ending		<u>\$ 1,819,392</u>		<u>\$ 1,621,232</u>

See the accompanying Independent Auditors' Report

CITY OF SHERIDAN, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
STORM WATER FUND – NON-GAAP BASIS  
YEAR ENDED DECEMBER 31, 2023

With Comparative Totals for Year Ended December 31, 2022

	2023		Variance With Final Budget	2022
	Original and Final Budget	Actual		Actual
<u>Revenue</u>				
User changes and fees	\$ 129,898	\$ 132,972	\$ 3,074	\$ 120,618
Interest income	150	1,566	1,416	503
Total Operating Revenues	130,048	134,538	4,490	121,121
<u>Operating Expenses</u>				
Stormwater operations	443,500	332,528	110,972	350,864
Operating Income (Loss)	(313,452)	(197,990)	115,462	(229,743)
<u>Non-Operating Income (Expense)</u>				
Transfers out	-	-	-	(34,373)
Changes in Net Position	\$ (313,452)	(197,990)	\$ 115,462	(264,116)
Net Position, Beginning		6,561,111		6,825,227
Net Position, Ending		\$ 6,363,121		\$ 6,561,111

See the accompanying Independent Auditors' Report

## COMPLIANCE SECTION

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: COLORADO
	YEAR ENDING (mm/yy): 12/31/2023

This Information From The Records Of: City of Sheridan	Prepared By: Teresa Adler
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**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. EXPENDITURES FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway expenditures:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ -
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 188,868.87
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 9,579.00
2. General fund appropriations	\$ 1,068,198.64	b. Snow and ice removal	\$ 58,771.16
3. Other local imposts (from page 2)	\$ 2,144,650.62	c. Other	\$ 161,673.71
4. Miscellaneous local receipts (from page 2)	\$ -	d. Total (a. through c.)	\$ 230,023.87
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	\$ 724,586.92
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 1,143,479.66
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	\$ 1,214,425.00
7. Total (1 through 6)	\$ 3,212,849.26	b. Redemption	\$ 845,000.00
<b>B. Private Contributions</b>		c. Total (a. + b.)	\$ 2,059,425.00
<b>C. Receipts from State government</b>		2. Notes:	
(from page 2)	\$ 188,216.20	a. Interest	
<b>D. Receipts from Federal Government</b>		b. Redemption	
(from page 2)	\$ -	c. Total (a. + b.)	\$ -
<b>E. Total receipts (A.7 + B + C + D)</b>	\$ 3,401,065.46	3. Total (1.c + 2.c)	\$ 2,059,425.00
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total expenditures (A.6 + B.3 + C + D)</b>	\$ 3,202,904.66

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	\$ 26,240,000.00		\$ 845,000.00	\$ 25,395,000.00
1. Bonds (Refunding Portion)				\$ -
<b>B. Notes (Total)</b>				\$ -

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 1,621,230.61	\$ 3,401,065.46	\$ 3,202,904.66	\$ 1,819,391.41	\$ -

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
**COLORADO**  
 YEAR ENDING (mm/yy):  
 12/31/2023

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assesments	\$ 1,983,879.79	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	\$ 160,770.83	g. Other Misc. Receipts	
6. Total (1. through 5.)	\$ 160,770.83	h. Other	
c. Total (a. + b.)	\$ 2,144,650.62	i. Total (a. through h.)	\$ -
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes (from Item I.C.5.)	\$ 167,596.45	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	\$ 20,619.75	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other		f. Other Federal ARPA	
f. Total (a. through e.)	\$ 20,619.75	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ 188,216.20	3. Total (1. + 2.g)	\$ -
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

**III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs			\$ -
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements			\$ -
(3). System Preservation			\$ -
(4). System Enhancement And Operation			\$ -
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ -	\$ -
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ -	\$ -
<i>(Carry forward to page 1)</i>			

Notes and Comments:

**CITY OF SHERIDAN**

**CONTINUING DISCLOSURE**

**December 31, 2023**

**TABLE II (Series 2016 & 2017)**

**History of City's Mill Levy**

<u>Levy/Collection Year</u>	<u>General Fund</u>	<u>Bond Account<sup>1</sup></u>	<u>Abatements</u>	<u>Total Mill Levy</u>
2018/2019	5.974	17.288	0.077	23.339
2019/2020	5.974	14.168	0.582	20.724
2020/2021	5.974	14.462	0.168	20.604
2021/2022	5.974	12.447	0.092	18.513
2022/2023	5.974	12.795	0.380	19.149

<sup>1</sup> 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 Valuation<sup>1</sup></u>	<u>Net Assessed Valuation</u>	<u>Percent Change</u>
2018/2019	143,825,021	31,185,295	112,639,726	
2019/2020	168,649,120	32,019,450	136,629,670	21.30%
2020/2021	166,766,748	32,735,192	134,031,556	-1.90%
2021/2022	191,674,708	35,824,788	155,849,920	16.28%
2022/2023	187,955,744	36,236,260	151,719,484	-2.65%

<sup>1</sup> 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, 2023**

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

<b><u>Levy/Collection Year</u></b>	<b><u>Total Taxes Levied</u></b>	<b><u>Current Taxes Collected<sup>1</sup></u></b>	<b><u>Percent of Levy Collected</u></b>
2018/2019	2,685,782	2,683,959	100%
2019/2020	2,774,949	2,745,975	99%
2020/2021	2,766,411	2,752,010	99%
2021/2022	2,885,250	2,828,251	98%
2022/2023	2,905,276	2,910,156	100%

<sup>1</sup> 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, 2023**

**TABLE VIII (Series 2016 & 2017)**

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>REVENUES</b>					
Taxes	\$ 7,370,615	\$ 7,976,478	\$ 8,453,990	\$ 8,787,625	\$ 9,658,237
Licenses	525,200	427,135	412,652	443,534	401,912
Intergovernmental	88,907	843,847	95,996	1,665,543	194,697
Charges for services	291,919	248,759	235,252	291,602	233,227
Fines and forfeitures	1,606,529	1,212,487	762,323	679,643	944,703
Investment Earnings	111,251	39,921	5,394	157,055	494,622
Other income	994,888	1,052,255	1,137,978	1,199,189	1,499,965
Total Revenues	<u>10,989,309</u>	<u>11,800,882</u>	<u>11,103,585</u>	<u>13,224,191</u>	<u>13,427,363</u>
<b>EXPENDITURES</b>					
General government					
General government	549,671	712,296	793,456	1,085,005	1,500,907
City Clerk	175,423	171,104	176,622	300,372	231,867
Victims advocate	90,765	105,039	112,260	115,001	130,768
Municipal court	301,095	282,556	319,766	335,176	298,204
Legislative	248,306	212,145	230,686	180,988	230,688
Public Safety					
Police	5,055,285	4,803,896	5,308,559	5,374,215	5,518,581
Fire	2,035,172	2,148,634	2,196,978	2,262,887	2,447,544
Public works	818,719	892,830	825,544	1,073,830	1,075,712
Community Development	489,044	383,997	453,100	776,621	629,082
Non-departmental	486,850	1,247,950	551,010	588,518	610,665
Capital Equipment and Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Total Expenditures	<u>10,250,330</u>	<u>10,960,447</u>	<u>10,967,981</u>	<u>12,092,613</u>	<u>12,674,018</u>
Excess (Deficiency) of revenues over (under) expenditures	738,979	840,435	135,604	1,131,578	753,345
Other financing sources (uses)					
Debt proceeds	-	-	-	-	-
Transfers in	1,083,912	1,192,680	1,252,273	1,297,370	1,564,536
Transfers out	(594,268)	(789,406)	(607,446)	(609,148)	(565,727)
Sale of assets	5,096	-	3,255	4,244	14,590
Total	<u>494,740</u>	<u>403,274</u>	<u>648,082</u>	<u>692,466</u>	<u>1,013,399</u>
Changes in fund balance	1,233,719	1,243,709	783,686	1,824,044	1,766,744
Beginning fund balance	<u>5,707,056</u>	<u>6,940,775</u>	<u>8,184,484</u>	<u>8,968,170</u>	<u>10,792,214</u>
Ending Fund balance	<u>\$ 6,940,775</u>	<u>\$ 8,184,484</u>	<u>\$ 8,968,170</u>	<u>\$ 10,792,214</u>	<u>\$ 12,558,958</u>

Source: City's audited financial statements for years ended December 31, 2019 - 2023