CITY OF SHERIDAN, COLORADO

FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

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THE ADAMS GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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, 2025, 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, 2025, 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, 2025, 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
August 3, 2026

MANAGEMENT’S 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, 2025. 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

- Ending net position of the City at the close of 2025 was ($53,549,320), an increase of 7.7% from 2024. This deficit is a result of the issuance of tax increment bonds by the Sheridan Redevelopment Agency (SRA) used to support the River Point redevelopment project, which will be repaid through future sales tax and PIF revenues.

- At December 31, 2025, the City's governmental funds reported a combined ending fund balance of $34,048,791 including the SRA and a fund balance of $12,096,823, an increase of 11.9% from 2024. The City has $10,678,254 of unassigned fund balance for spending at the City's discretion.

- Unassigned fund balance of the General Fund of $10,678,254 is 84.2% of total General Fund expenditures, an increase of 5.7% 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 is comparable to the prior year and was $5,568,611 for 2025 as compared to $5,502,583 for the prior year, an increase of 1.2%.

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 deferred outflows of resources and liabilities and deferred inflow of resources, with the difference 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), public works, community development, parks and open space, and redevelopment projects.

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 – 48 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. The combining and individual fund statements and schedules can be found on pages 56 – 57 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 ($53,549,320) on a combined basis at the close of 2025. The SRA accounting for ($94,146,328) and the City $40,597,008.

The City's net investment in capital assets (e.g. land, buildings, infrastructure, vehicles, equipment, etc.) is 85.9% 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	
	2025	2024	2025	2024	2025	2024
Assets						
Current assets	$ 42,149,648	$ 38,717,568	$ 70,612	$ 64,429	$ 42,220,260	$ 38,781,997
Noncurrent assets						
Capital assets, not depreciated	2,882,431	1,328,445	-	-	2,882,431	1,328,445
Capital assets, net of depreciation	40,172,244	41,980,264	5,832,836	6,096,396	46,005,080	48,076,660
Capital assets, leased	27,083	31,410	-	-	27,083	31,410
Internal balances	(38,601)	(7,950)	38,601	7,950	-	-
Total Assets	85,192,805	82,049,737	5,942,049	6,168,775	91,134,854	88,218,512
Deferred Outflows of Resources						
Pension related deferred outflow	1,557,678	1,698,000	-	-	1,557,678	1,698,000
Deferred charge on refunding	2,017,947	2,543,454	-	-	2,017,947	2,543,454
Deferred derivative instruments	1,217,340	923,233	-	-	1,217,340	923,233
Total Deferred Outflows of Resources	4,792,965	5,164,687	-	-	4,792,965	5,164,687
Liabilities						
Current liabilities	1,354,793	2,022,047	67,974	61	1,422,767	2,022,108
Noncurrent liabilities	140,988,620	142,924,330	-	-	140,988,620	142,924,330
Total liabilities	142,343,413	144,946,377	67,974	61	142,411,387	144,946,438
Deferred Inflows of Resources						
Pension related deferred inflow	135,954	32,211	-	-	135,954	32,211
Unavailable revenue-property taxes	6,929,798	6,466,341	-	-	6,929,798	6,466,341
Total Deferred Inflows of Resources	7,065,752	6,498,552	-	-	7,065,752	6,498,552
Net Position						
Net investment in capital assets	15,062,549	15,886,342	5,832,836	6,096,396	20,895,385	21,982,738
Restricted						
Reserve/Emergencies	423,000	448,000	-	-	423,000	448,000
Debt service	12,598,420	11,574,927	-	-	12,598,420	11,574,927
Capital projects	5,243,326	2,848,798	-	-	5,243,326	2,848,798
Parks and open space	1,997,926	1,822,357	-	-	1,997,926	1,822,357
Stormwater	-	-	34,013	32,575	34,013	32,575
Unrestricted	(94,748,616)	(96,810,929)	7,226	39,743	(94,741,390)	(96,771,186)
Total Net Position	$ (59,423,395)	$ (64,230,505)	$ 5,874,075	$ 6,168,714	$ (53,549,320)	$ (58,061,791)

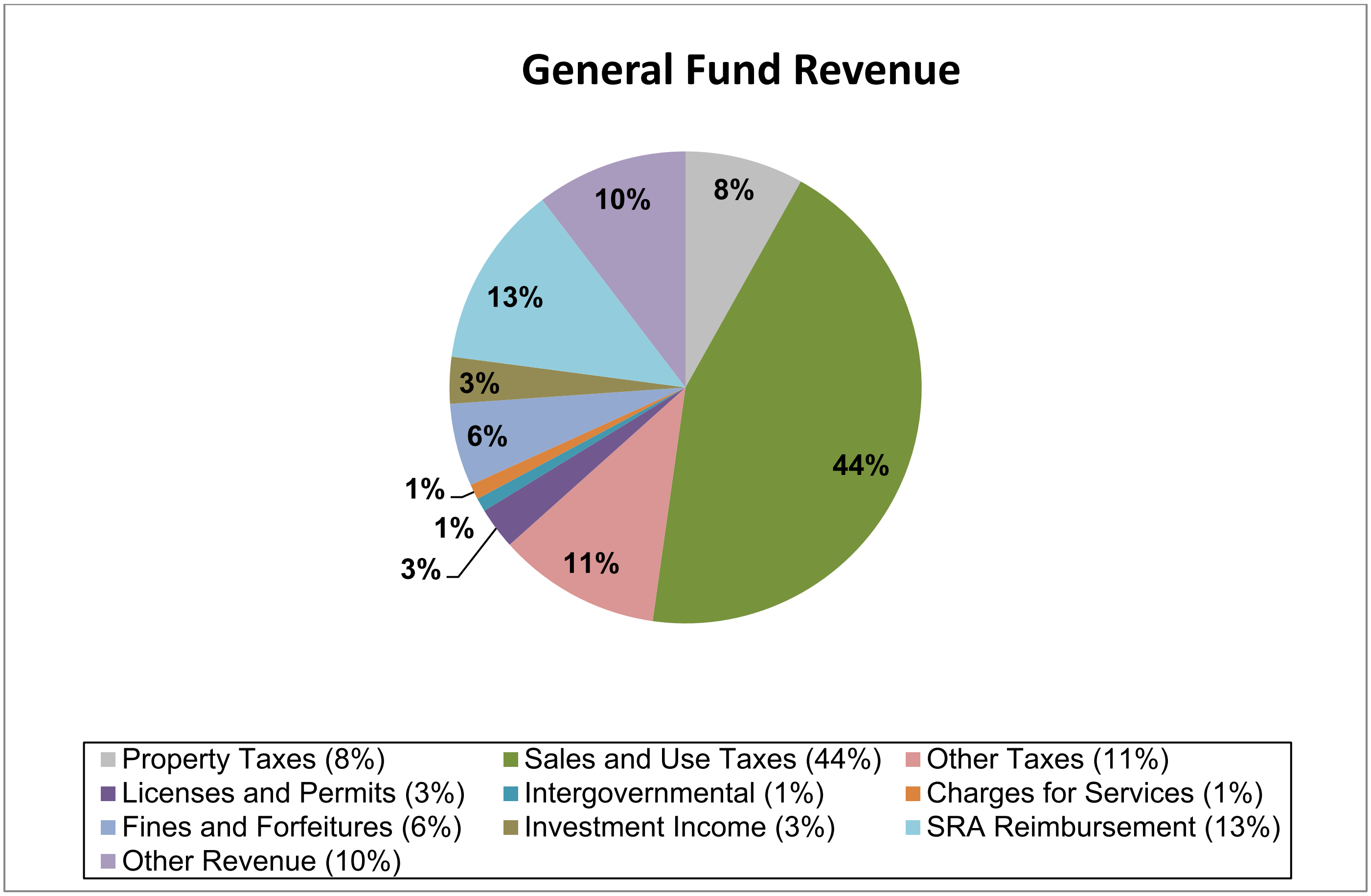
Governmental Activities

Governmental activities increased the City's net position by $4,512,471.

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for Services	$ 1,603,843	$ 1,696,844	$ 161,252	$ 149,283	$ 1,765,095	$ 1,846,127
Operating Grants and Contributions	106,800	208,538	-	-	106,800	208,538
Capital Grants and Contributions	305,319	977,989	-	-	305,319	977,989
Total Program Revenues	2,015,962	2,883,371	161,252	149,283	2,177,214	3,032,654
General Revenues						
Taxes	22,534,560	21,961,279	-	-	22,534,560	21,961,279
Investment Earnings	1,532,546	1,585,429	1,438	1,677	1,533,984	1,587,106
Other Revenues	5,269,680	5,306,707	-	-	5,269,680	5,306,707
Transfers	-	-	-	-	-	-
Total General Revenues	29,336,786	28,853,416	1,438	1,677	29,338,224	28,855,093
Total Revenues	31,352,748	31,736,787	162,690	150,960	31,515,438	31,887,747
Program Expenses						
General Government	3,785,406	3,047,764	-	-	3,785,406	3,047,764
Public Safety	10,169,507	8,821,613	-	-	10,169,507	8,821,613
Public Works	3,720,366	2,977,031	-	-	3,720,366	2,977,031
Community Development	447,026	738,020	-	-	447,026	738,020
Parks and Open Space	215,024	321,684	-	-	215,024	321,684
Redevelopment Projects	148,387	150,471	-	-	148,387	150,471
Stormwater Operations	-	-	457,329	345,367	457,329	345,367
Interest and Fiscal Charges	8,059,922	7,972,428	-	-	8,059,922	7,972,428
Total Program Expenses	26,545,638	24,029,011	457,329	345,367	27,002,967	24,374,378
Change in Net Position	4,807,110	7,707,776	(294,639)	(194,407)	4,512,471	7,513,369
Net Position, Beginning	(64,230,505)	(71,938,281)	6,168,714	6,363,121	(58,061,791)	(65,575,160)
Net Position, Ending	$ (59,423,395)	$ (64,230,505)	$ 5,874,075	$ 6,168,714	$ (53,549,320)	$ (58,061,791)

The following chart illustrates the General Fund revenues for the year ended December 31, 2025:



Property taxes decreased in 2025 by 2.8%. This was due to a decrease in assessed valuation. Sales & Use Taxes increased by 1.2% due to increased sales in existing retail outlets.

Business-type activities

The Storm Water Enterprise Fund had $162,690 in revenue. Storm water also had $457,329 in expenses. The ending net position for 2025 was $5,874,075.

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.

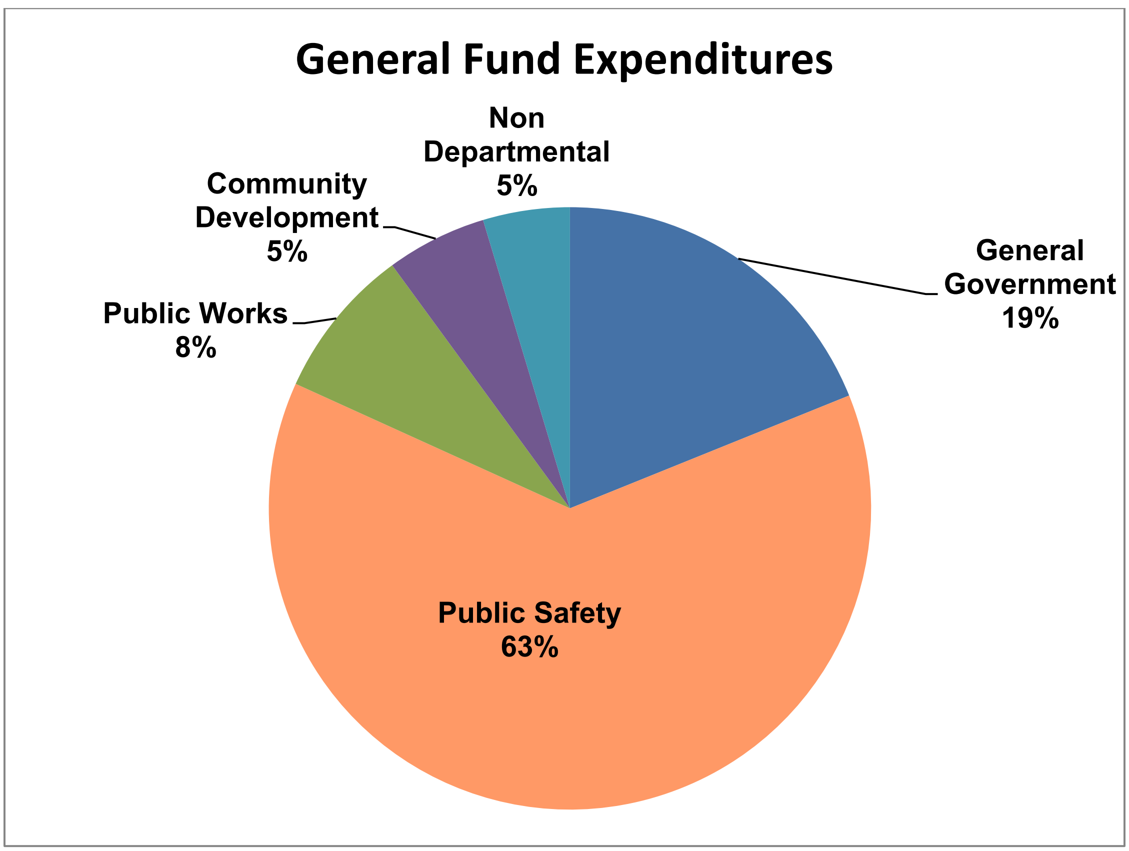
At the end of 2025, the City's General Fund reported an ending fund balance of $12,684,049 a decrease of $51,201 in comparison with the previous year. The decrease was a result of a one-time payment of a tax incentive agreement. Unassigned fund balance represents 84.2% or $10,678,254 of total fund balance for the General Fund. The remainder of fund balance is nonspendable related to prepaid items ($288,796), restricted for TABOR ($423,000), and assigned for subsequent year budget appropriation ($1,293,999).

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 $34,013.

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 had original and final budgeted expenditures of $18,257,123. Total General Fund expenditures were $15,260,130 which is within the budgeted amount.

Capital Assets

The City of Sheridan's investments in capital assets for its governmental activities as of December 31, 2025 totaled $43,054,675 (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.

Long-term Debt

In November 2015 the voters approved the City to issue $31 million in bonds for street and infrastructure improvements. In 2025 $920,000 in principal was paid for a remaining balance of $23,595,000 for the City. For the Sheridan Redevelopment Authority, total outstanding debt is $108,157,922, which includes accreted interest of $32,609,783.

Compensated absences increased by $339,813 for a total of $689,444. 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 2025 and are expected to continue to open until the space in River Point is completely occupied.

City General Fund expenditures for 2026 are estimated at $16,251,828 and the Sheridan Redevelopment Agency has budgeted 2026 expenditures of $2,113,891.

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.

BASIC FINANCIAL STATEMENTS

CITY OF SHERIDAN, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
Assets				
Cash and investments	$ 16,210,036	$ 34,013	$ 16,244,049	$ 182,830
Restricted cash and investments	16,869,747	-	16,869,747	-
Accounts receivable	22,286	36,599	58,885	19,688
Taxes receivable	8,758,783	-	8,758,783	-
Prepaid items	288,796	-	288,796	-
Capital assets, not depreciated	2,882,431	-	2,882,431	-
Capital assets, net of depreciation	40,172,244	5,832,836	46,005,080	-
Leased assets	27,083	-	27,083	-
Internal balances	(38,601)	38,601	-	-
Total Assets	85,192,805	5,942,049	91,134,854	202,518
Deferred Outflows of Resources				
Related to pension	1,557,678	-	1,557,678	-
Deferred charge on refunding	2,017,947	-	2,017,947	-
Deferred derivative instruments	1,217,340	-	1,217,340	-
Total Deferred Outflows of Resources	4,792,965	-	4,792,965	-
Liabilities				
Accounts payable	490,225	65,401	555,626	36,119
Accrued liabilities	354,799	2,573	357,372	-
Deposits	23,916	-	23,916	52,664
Accrued remarketing fees	3,303	-	3,303	-
Unearned revenues	260,215	-	260,215	-
Accrued interest payable	222,335	-	222,335	-
Noncurrent liabilities				
Due within one year	7,345,769	-	7,345,769	-
Due in more than one year	132,001,041	-	132,001,041	-
Net Pension liability	424,470	-	424,470	-
Liability for derivative instruments	1,217,340	-	1,217,340	-
Total Liabilities	142,343,413	67,974	142,411,387	88,783
Deferred Inflows of Resources				
Related to pension	135,954	-	135,954	-
Unavailable revenue - property taxes	6,929,798	-	6,929,798	-
Total Deferred Inflows of Resources	7,065,752	-	7,065,752	-
Net Position				
Net investment in capital assets	15,062,549	5,832,836	20,895,385	-
Restricted				
Emergencies	423,000	-	423,000	-
Debt service	12,598,420	-	12,598,420	-
Capital projects	5,243,326	-	5,243,326	-
Open space	1,997,926	-	1,997,926	-
Stormwater	-	34,013	34,013	-
Unrestricted (deficit)	(94,748,617)	7,226	(94,741,391)	113,735
Total Net Position	$ (59,423,396)	$ 5,874,075	$ (53,549,321)	$ 113,735

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

CITY OF SHERIDAN, COLORADO
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		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
Function/Programs								
Governmental Activities								
General government	$ 3,785,406	$ 376,499	$ 6,800	$ -	$ (3,402,107)	$ -	$ (3,402,107)	$ -
Public safety	10,169,507	$ 924,429	$ 100,000	$ -	(9,145,078)	-	(9,145,078)	-
Public works	3,720,366	$ -	$ -	$ 39,850	(3,680,516)	-	(3,680,516)	-
Community development	447,027	$ 302,915	$ -	$ -	(144,112)	-	(144,112)	-
Parks and open space	215,024	$ -	$ -	$ 265,469	50,445	-	50,445	-
Redevelopment projects	148,387	$ -	$ -	$ -	(148,387)	-	(148,387)	-
Interest and fiscal charges	8,059,922	$ -	$ -	$ -	(8,059,922)	-	(8,059,922)	-
Total Governmental Activities	26,545,639	1,603,843	106,800	305,319	(24,529,677)	-	(24,529,677)	-
Business-Type Activities								
Stormwater Operations	457,329	161,252	-	-	-	(296,077)	(296,077)	-
Total Primary Government	$ 27,002,968	$ 1,765,095	$ 106,800	$ 305,319	(24,529,677)	(296,077)	(24,825,754)	-
Component Unit								
Housing Authority	$ 2,928,518	$ -	$ 2,918,611	$ -	-	-	-	(9,907)
		General Revenues						
		Property taxes			6,460,804	-	6,460,804	-
		Specific ownership taxes			201,768	-	201,768	-
		Sales and use taxes			14,596,648		14,596,648	-
		Franchise taxes			416,913	-	416,913	-
		Occupational privilege tax			380,201	-	380,201	-
		Other taxes			478,226	-	478,226	-
		Investment earnings			1,532,546	1,438	1,533,984	2,456
		Other revenue			5,269,680	-	5,269,680	-
		Total General Revenues			29,336,786	1,438	29,338,224	2,456
		Change in Net Position			4,807,109	(294,639)	4,512,470	(7,451)
		Net Position (Deficit), Beginning			(64,230,505)	6,168,714	(58,061,791)	121,186
		Net Position (Deficit), Ending			$ (59,423,396)	$ 5,874,075	$ (53,549,321)	$ 113,735

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

CITY OF SHERIDAN, COLORADO
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Sheridan Redevelopment Agency Fund	Debt Service Fund	Capital Improvements Fund	Other Governmental Fund	Totals
Assets						
Cash and investments	$ 11,418,326	$ 967,786	$ 2,058,358	$ -	$ 1,765,566	$ 16,210,036
Restricted cash and investments	208,401	9,914,321	-	6,365,345	381,680	16,869,747
Accounts receivable	22,286	-	-	-	-	22,286
Taxes receivable	1,987,543	4,835,074	1,936,166	-	-	8,758,783
Prepaid items	288,796	-	-	-	-	288,796
Due from other funds	1,050,509	-	-	-	-	1,050,509
Total Assets	$ 14,975,861	$ 15,717,181	$ 3,994,524	$ 6,365,345	$ 2,147,246	$ 43,200,157
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 221,284	$ 3,603	$ -	$ 265,291	$ 47	$ 490,225
Accrued liabilities	354,799		-	-	-	354,799
Deposits	23,916		-	-	-	23,916
Accrued remarketing fees	-	3,303	-	-	-	3,303
Unearned revenue	228,967	31,248	-	-	-	260,215
Due to other funds	38,601	12,817	31,691	856,728	149,273	1,089,110
Total Liabilities	867,567	50,971	31,691	1,122,019	149,320	2,221,568
Deferred Inflows of Resources						
Unavailable revenue - property taxes	1,424,245	3,569,387	1,936,166	-	-	6,929,798
Total deferred inflows of resources	1,424,245	3,569,387	1,936,166	-	-	6,929,798
Fund Balances						
Nonspendable						
Prepaid items	288,796	-	-	-	-	288,796
Restricted						
Debt service	-	10,794,088	2,026,667	-	-	12,820,755
Capital projects	-	-	-	5,243,326	-	5,243,326
Emergencies	423,000	-	-	-	-	423,000
Parks and open space	-	-	-	-	1,997,926	1,997,926
Assigned for:						
Subsequent year budget appropriation	1,293,999	-	-		-	1,293,999
Redevelopment Authority	-	1,302,735	-	-	-	1,302,735
Unassigned	10,678,254	-	-	-	-	10,678,254
Total Fund Balances	12,684,049	12,096,823	2,026,667	5,243,326	1,997,926	34,048,791
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 14,975,861	$ 15,717,181	$ 3,994,524	$ 6,365,345	$ 2,147,246	$ 43,200,157

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, 2025

Amounts reported for governmental activities in the statement of net position are different because:	
Fund balance - governmental funds	$ 34,048,791
Capital assets and leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Leased assets	27,083
Capital assets, net of accumulated depreciation	43,054,675
Other noncurrent assets and deferred inflows of resources are not available to pay for current period expenditures and, therefore, are deferred in the funds	
Deferred derivative instruments	1,217,340
Deferred outflows of resources - related to pensions	1,557,678
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.	2,017,947
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	(135,954)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable and unamortized premium - City	(26,365,389)
Certificates of participation and unamortized premium - City	(4,134,055)
Bonds payable and accreted interest- SRA	(108,157,922)
Accrued interest	(222,335)
Liability for derivative instruments	(1,217,340)
Net pension liability	(424,470)
Accrued compensated absences	(689,444)
Net Position (deficit) of Governmental Activities	$ (59,423,395)

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, 2025

	General Fund	Sheridan Redevelopment Agency Fund	Debt Service Fund	Capital Improvements Fund	Other Governmental Funds	Totals
Revenues						
Taxes	$ 9,640,148	$ 10,839,088	$ 2,055,324	$ -	$ -	$ 22,534,560
Licenses and permits	436,198	-	-	-	-	436,198
Intergovernmental	140,095	-	-	6,555	265,469	412,119
Charges for services	303,815	-	-	-	-	303,815
Fines and forfeitures	863,830	-	-	-	-	863,830
Investment earnings	484,677	632,150	122,454	207,775	85,490	1,532,546
Other income	1,433,294	3,760,570	-	-	-	5,193,864
Total Revenues	13,302,057	15,231,808	2,177,778	214,330	350,959	31,276,932
Expenditures						
General government	2,766,502	138,178	20,252	-	-	2,924,932
Public Safety	9,214,329	-	-	257,116	-	9,471,445
Public Works	1,196,742	-	-	648,710	-	1,845,452
Community development	790,687	-	-	-	-	790,687
Non-departmental	681,491	-	-	-	-	681,491
Parks, recreation and open space	-	-	-	-	175,390	175,390
Redevelopment projects	-	148,387	-	-	-	148,387
Capital outlay	-	-	-	1,592,219	-	1,592,219
Debt service						
Principal	-	8,990,000	920,000	-	-	9,910,000
Interest	-	3,056,569	1,135,275	-	-	4,191,844
Cost of issuance	-	-	-	192,976	-	192,976
Total Expenditures	14,649,751	12,333,134	2,075,527	2,691,021	175,390	31,924,823
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,347,694)	2,898,674	102,251	(2,476,691)	175,569	(647,891)
Other financing sources (uses)						
Transfer in	1,906,872	-	-	610,379	-	2,517,251
Transfers out	(610,379)	(1,906,872)	-	-	-	(2,517,251)
Proceeds from Certificates of Participation	-	-	-	4,134,055	-	4,134,055
Insurance proceeds	-	-	-	36,710	-	36,710
Sale of assets	-	-	-	90,075	-	90,075
Total Other Financing Sources (Uses)	1,296,493	(1,906,872)	-	4,871,219	-	4,260,840
Changes in Fund Balance	(51,201)	991,802	102,251	2,394,528	175,569	3,612,949
Fund Balance, Beginning	12,735,250	11,105,021	1,924,416	2,848,798	1,822,357	30,435,842
Fund Balance, Ending	$ 12,684,049	$ 12,096,823	$ 2,026,667	$ 5,243,326	$ 1,997,926	$ 34,048,791

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, 2025

Amounts reported for governmental activities in the statements of activities are different because:	
Net changes in fund balances - governmental funds	$ 3,612,949
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	1,950,866
Depreciation expense	(2,153,931)
Amortization expense	(4,327)
Loss on sale or disposal of capital assets	(50,969)
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	9,910,000
Bond premium amortization	168,388
Proceeds from the issuance of Certificates of Participation	(4,134,055)
Change in accrued interest	(7,723)
Change in accreted interest	(3,310,260)
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 expense	(308,508)
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	(339,814)
Change in Net Position of Governmental Activities	$ 4,807,109

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

CITY OF SHERIDAN, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2025

	Storm Water Enterprise
Assets	
Current Assets	
Cash and investments	$ 34,013
Accounts receivable	36,599
Due from other funds	38,601
Total Current Assets	109,213
Noncurrent Assets	
Capital assets being depreciated, net	5,832,836
Total Noncurrent Assets	5,832,836
Total Assets	5,942,049
Liabilities	
Accounts payable	65,401
Accrued liabilities	2,573
Total Liabilities	67,974
Net Position	
Net investment in capital assets	5,832,836
Restricted for:	
Stormwater	34,013
Unrestricted	7,226
Total Net Position	$ 5,874,075

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, 2025

	Storm Water Enterprise
Operating Revenues	
User charges and fees	$ 161,252
Total Operating Revenues	161,252
Operating Expenses	
Stormwater operations	457,329
Total Operating Expenses	457,329
Operating (loss)	(296,077)
Nonoperating income (expense)	
Investment income	1,438
Total nonoperating income (expense)	1,438
Changes in Net Position	(294,639)
Net Position, Beginning	6,168,714
Net Position, Ending	$ 5,874,075

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, 2025

	Storm Water Enterprise
Cash Flows from Operating Activities	
Cash received from tenants and others	$ 156,507
Cash payments to employees	(88,446)
Cash payments to vendors	(70,634)
Net Cash Used by Operating Activities	(2,573)
Cash Flows from Non-Capital Financing Activities	
Cash payments to other funds	2,573
Net Cash Provided by Non-Capital Financing Activities	2,573
Cash Flows from Investing Activities	
Interest received	1,438
Net Cash Provided by Investing Activities	1,438
Net Increase in Cash and Cash Equivalents	1,438
Cash and Cash Equivalents, Beginning	32,575
Cash and Cash Equivalents, Ending	$ 34,013
Reconciliation of net operating (loss) to net cash provided by operating activities	
Net operating (loss)	$ (296,077)
Adjustments to reconcile net operating (loss) to net cash provided by operating activities	
Depreciation expense	263,560
Changes in assets and liabilities	
Account receivable	(4,745)
Internal balances	(30,651)
Account payable	65,340
Net Cash Used by Operating Activities	$ (2,573)

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

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, 2025, SRA reimbursed the City $1,906,872 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following major propriety fund:

> 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, 2025 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*.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2025. These taxes are classified as deferred inflows since they are not normally available until after the period of availability.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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.

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.

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.

NOTE 3 - CASH AND INVESTMENTS

A summary of deposits and investments as of December 31, 2025, follows:

Petty cash	$ 1,700
Deposits	437,308
Investments	21,792,681
Total City Cash and Investments	22,231,689
Blended Component Unit:	
Sheridan Redevelopment Agency	
Cash	42,681
Investments	10,839,426
Total Blended Component Unit	10,882,107
Total Cash and Investments	$ 33,113,796

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

Cash and investments	$ 16,244,049
Restricted cash and investments	16,869,747
Total Cash and Investments	$ 33,113,796

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.

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Deposits (continued)

At December 31, 2025, the carrying amount of the City's deposits totaled $439,008 and the bank balance was $1,451,238 of which $250,000 was covered by FDIC insurance the remaining covered by the PDPA. At December 31, 2025, 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 book balance and the bank balance was $42,681 at December 31, 2025**.**

Investments

As of December 31, 2025, the City and SRA held the following investments:

Primary Government:		
ColoTrust	$	21,322,213
CSIP		470,468
Total City Investments	$	21,792,681
Blended Component Unit:		
Sheridan Redevelopment Agency		
ColoTrust	$	925,105
Fidelity Government Portfolio CLII		9,914,321
Total Blended Component Unit Investments	$	10,839,426

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

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.

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (continued)

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 AAAf/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.

As of December 31, 2025, the City invested $21,322,213 in COLOTRUST PLUS +. As of December 31, 2025, the SRA invested $925,105 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, 2025, the City had $470,468 invested in CSIP.

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Fidelity Government Portfolio II

At December 31, 2025, 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, 2025, the SRA invested $9,914,321 in the Fund.

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

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, 2025, the City had the following restricted cash balances:

Primary Government:	
Capital improvements	$ 6,365,345
Parks and open space	381,680
Youth activity programs	208,401
Debt service reserves	7,407,500
Debt repayment	2,506,821
	$ 16,869,747

Housing Authority Cash

At December 31, 2025, the carrying amount of deposits for the Sheridan Housing Authority was $124,925. The entire Housing Authority balance was covered by FDIC insurance. In addition, at December 31, 2025, the Housing Authority had $57,905 invested in COLOTRUST.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, is summarized below:

	Balances 12/31/2024	Additions	Deletions	Balances 12/31/2025
Governmental Activities				
Capital assets, not being depreciated				
Land	$ 773,812	$ -	$ -	$ 773,812
Construction in progress	554,633	1,553,986	-	2,108,619
Total capital assets, not being depreciated	1,328,445	1,553,986	-	2,882,431
Capital assets, being depreciated				
Buildings	2,654,331	38,233	-	2,692,564
Vehicles	2,190,203	336,353	(510,724)	2,015,832
Equipment	236,817	22,294	-	259,111
Infrastructure	56,277,636	-	-	56,277,636
Total capital assets, being depreciated	61,358,987	396,880	(510,724)	61,245,143
Accumulated depreciation				
Buildings	(1,710,438)	(111,891)	-	(1,822,329)
Vehicles	(1,443,598)	(249,713)	459,755	(1,233,556)
Equipment	(211,920)	(2,563)	-	(214,483)
Infrastructure	(16,012,767)	(1,789,764)	-	(17,802,531)
Total accumulated depreciation	(19,378,723)	(2,153,931)	459,755	(21,072,899)
Total capital assets, being depreciated, net	41,980,264	(1,757,051)	(50,969)	40,172,244
Governmental activities capital assets, net	$ 43,308,709	$ (203,065)	$ (50,969)	$ 43,054,675

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

Depreciation per function	
General government	$ 117,530
Public safety	145,489
Public works	1,851,278
Parks and recreation	39,634
Total	$ 2,153,931

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balances 12/31/2024	Additions	Deletions	Balances 12/31/2025
Governmental Activities				
Leased assets, being amortized				
Vehicles	$ 44,391	$ -	$ -	$ 44,391
Total leased assets being amortized	44,391	-	-	44,391
Accumulated amortization				
Vehicles	(12,981)	(4,327)	-	(17,308)
Total accumulated amortization	(12,981)	(4,327)	-	(17,308)
Total leased assets, being amortized, net	$ 31,410	$ (4,327)	$ -	$ 27,083

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

Capital asset activity for the year ended December 31, 2025 is summarized below for business-type activities:

	Balances 12/31/2024	Additions	Deletions	Balances 12/31/2025
Business Activities				
Capital assets, being depreciated				
Site Improvements	$ 7,844,502	$ -	$ -	$ 7,844,502
Accumulated depreciation	(1,748,106)	(263,560)	-	(2,011,666)
Business activities capital assets, net	$ 6,096,396	$ (263,560)	$ -	$ 5,832,836

NOTE 5 - LONG-TERM DEBT

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2025.

	Balances 12/31/2024	Advances	Payments	Balances 12/31/2025	Due Within One Year
General obligation bonds					
Series 2016	$ 13,770,000	$ -	$ 540,000	$ 13,230,000	$ 565,000
Series 2016 Premium	1,449,797	-	85,282	1,364,515	85,282
Series 2017	10,745,000	-	380,000	10,365,000	400,000
Series 2017 Premium	1,488,980	-	83,106	1,405,874	83,106
Series 2025 COP	-	3,940,000	-	3,940,000	115,000
Series 2025 COP Premium	-	194,055	-	194,055	12,937
Compensated absences	349,631	689,444	349,631	689,444	689,444
Total City Debt	27,803,408	4,823,499	1,438,019	31,188,888	1,950,769
Sheridan Redevelopment Agency					
2011A-1	31,760,000	-	4,455,000	27,305,000	4,735,000
2011A-2	4,425,000	-	620,000	3,805,000	660,000
2011B-1	12,014,435	-	1,226,606	10,787,829	-
2011B-1 Accreted Interest	2,450,804	242,303	333,394	2,359,713	-
2011B-2	18,125,600	-	1,938,556	16,187,044	-
2011B-2 Accreted Interest	3,680,121	364,207	416,444	3,627,884	-
2011C	17,463,266	-	-	17,463,266	-
2011C Accreted Interest	23,918,436	2,703,750	-	26,622,186	-
Total	113,837,662	3,310,260	8,990,000	108,157,922	5,395,000
Total Noncurrent Obligations	$ 141,641,070	$ 8,133,759	$ 10,428,019	$ 139,346,810	$ 7,345,769

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.

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Projected annual debt service requirements for the outstanding Series 2016 General Obligation Bonds at December 31, 2025, are as follows:

Year ended December 31,	Principal	Interest	Total
2026	$ 565,000	$ 571,025	$ 1,136,025
2027	595,000	542,775	1,137,775
2028	625,000	513,025	1,138,025
2029	655,000	481,775	1,136,775
2030	690,000	449,025	1,139,025
2031 - 2035	4,005,000	1,691,625	5,696,625
2036 - 2040	4,995,000	693,163	5,688,163
2041	1,100,000	35,750	1,135,750
Total	$ 13,230,000	$ 4,978,163	$ 18,208,163

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, 2025, are as follows:

Year ended December 31,	Principal	Interest	Total
2026	$ 400,000	$ 518,250	$ 918,250
2027	420,000	498,250	918,250
2028	440,000	477,250	917,250
2029	465,000	455,250	920,250
2030	490,000	432,000	922,000
2031 - 2035	2,830,000	1,768,250	4,598,250
2036 - 2040	3,610,000	986,500	4,596,500
2041 - 2042	1,710,000	129,250	1,839,250
Total	$ 10,365,000	$ 5,265,000	$ 15,630,000

On June 1, 2025, the City issued $3,940,000 of Certificates of Participation (Series 2025 COP). COP proceeds will be used to finance the costs of energy efficient improvements to certain City-owned facilities under an energy performance contract and to pay the costs of issuance of the COPs. Interest accrues at 5% per annum and is payable semi-annually on June 1 and December 1, commencing June 1, 2026. Principal payments are due annually on December 1, through 2040.

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The COPs are secured by the leased property, base rentals, all additional rentals that are payable to the Trustee, the Purchase Option Price, if paid, and all funds maintained in the Certificate Fund. The lease is subject to annual renewal at the option of the City and will be terminated upon the occurrence of an Event of Nonappropriation or Event of Default.

Projected annual lease payment requirements for the outstanding Series 2025 Certificates of Participation at December 31, 2025, are as follows:

Year ended December 31,	Principal	Interest	Total
2026	$ 115,000	$ 261,827	$ 376,827
2027	195,000	177,275	372,275
2028	205,000	167,525	372,525
2029	215,000	157,275	372,275
2030	230,000	146,525	376,525
2031 - 2035	1,320,000	549,375	1,869,375
2036 - 2040	1,660,000	216,037	1,876,037
Total	$ 3,940,000	$ 1,675,839	$ 5,615,839

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.

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

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, 2025, amounts borrowed and repaid under the letters of credit totaled $6,126,133.

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, 2025, the Series 2011A Bonds Reserve Fund is fully funded.

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, 2025, 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, 2025, are as follows:

Year ended December 31,	Principal	Interest	Total
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	$ 27,305,000	$ 3,153,864	$ 30,458,864

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Projected annual debt service requirements for the outstanding Series 2011A-2 Bonds at December 31, 2025, are as follows:

Year ended December 31,	Principal	Interest	Total
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	$ 3,805,000	$ 585,061	$ 4,390,061

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.

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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, 2024, there were no past due sinking fund requirements.

Projected annual debt service requirements for the outstanding Series 2011B-1 Bonds at December 31, 2025, are as follows:

Year ended December 31,	Principal	Interest	Total
2026	$ -	$ -	$ -
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	1,139,595	365,405	1,505,000
2031-2035	5,529,996	2,080,004	7,610,000
2036-2039	4,118,238	1,921,762	6,040,000
Total	$ 10,787,829	$ 4,367,171	$ 15,155,000

Projected annual debt service requirements for the outstanding Series 2011B-2 Bonds at December 31, 2025, are as follows:

Year ended December 31,	Principal	Interest	Total
2026	$ -	$ -	$ -
2027	-	-	-
2028	-	-	-
2029	-	90,001	90,001
2030	1,728,263	551,737	2,280,000
2031-2035	8,240,515	3,099,485	11,340,000
2036-2039	6,218,266	2,901,734	9,120,000
Total	$ 16,187,044	$ 6,642,957	$ 22,830,001

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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.

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, 2025, the change in compensated absences was allocated to the following functions on the statement of activities.

Compensated absences by function		
General government	$	61,453
Public safety		244,065
Public works		19,309
Community develpment		14,986
Total	$	339,813

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.

NOTE 6 - DERIVATIVE INSTRUMENTS (CONTINUED)

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.

Net settlement payments are due to the counterparty on a monthly basis. During the year ended December 31, 2025, the SRA paid the counterparty approximately $389,072 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, 2025, the fair value of this contract is estimated to be a negative $1,217,340 (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, 2025.

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.

NOTE 6 - DERIVATIVE INSTRUMENTS (CONTINUED)

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, 2025, the weighted average interest rate on the SRA's hedged variable-rate debt was 2.9 percent, while the seven-day USD-SIFMA swap index rate was approximately 2.8 percent and the one-month SOFR was approximately 3.9 percent.

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 - 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 Retirement Plan	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.

NOTE 7 - 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 $670.02. In addition, firefighters receive $33.50 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 $33.50 for each year served.

The Volunteer Plan also provides for a lump-sum burial benefit in the amount of $1,215.07 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, 2025, the following members were covered by the benefit terms:

Retirees and Beneficiaries	12
Inactive, Nonretired Members	-
Active Members	-
	12

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, 2025 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, 2025, the City reported a net pension liability of $424,470. The net pension liability was measured as of December 31, 2025 and was determined by an actuarial valuation as of January 1, 2025. Standard update procedures were used to roll forward the total pension liability to December 31, 2025.

NOTE 7 - 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, 2025, the City recognized pension expense of $66,321. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference between Projected and Actual Earnings on Pension Plan Investments	$ 10,069	$ -
Contributions Subsequent to the Measurement Date	50,000	-
Total	$ 60,069	$ -

$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, 2026.

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

Year Ended December 31,	Amount
2026	$ 3,796
2027	7,284
2028	(1,074)
2029	63
Total	$ 10,069

NOTE 7 - PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability in the January 1, 2025 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	16 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:** Pub-2010 Public Safety Healthy Employee Mortality Tables for males and females, amount-weighted, projected with the MP-2020 Ultimate projection scale, 60% multiplier.
- **Post-retirement:** Pub-2010 Public Safety Healthy Employee Mortality Tables for males and females, amount-weighted, projected with the ultimate values of the MP-2020 projection scale.
- **Disabled:** Pub-2010 Public Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, set forward five years projected with the MP-2020 Ultimate projection scale, with minimum probability of 3.5% for males and 2.5% for females.

*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.

NOTE 7 - 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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Liquidity	30.00%	4.20%
Fixed Income - Rates	45.00%	5.00%
Fixed Income - Credit	15.00%	6.50%
Diversifiers	0.00%	5.70%
Long Short	0.00%	6.20%
Global Public Equity	10.00%	7.00%
Private Markets	0.00%	8.80%
Total	100.00%	

The discount rate used to measure the total pension liability was 4.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the 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.

NOTE 7 - 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 4.50 percent; the municipal bond rate is 4.08 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 4.50 percent.

	Increase (Decrease)		
Volunteer Plan	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liabilities [a]-[b]
Balance, December 31, 2024	$ 598,074	$ 238,047	$ 360,027
Changes for the year:			
Interest	39,553	-	39,553
Benefit changes	43,981	-	43,981
Net investment income	-	18,125	(18,125)
Contributions - employer	-	100,000	(100,000)
Benefit payments including refunds of employee contributions	(67,201)	(67,201)	-
Difference between expected and actual experience of Total Pension Liability	(13,670)	-	(13,670)
Changes in assumptions	131,322	-	131,322
Administrative expense	-	(4,576)	4,576
State of Colorado supplemental discretionary payment	-	23,194	(23,194)
Net changes	133,985	69,542	64,443
Balance, December 31, 2025	$ 732,059	$ 307,589	$ 424,470

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 4.50 percent, as well as the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (3.50 percent) or 1- percentage-point higher (5.50 percent) than the current rate:

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
Proportionate share of the Net Pension Liability (Asset)	$ 493,381	$ 424,470	$ 365,901

NOTE 7 - 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 Retirement Plan

Plan Description – The City contributes to the Statewide Retirement Plan, formally known as the Statewide Defined Benefit Plan (SWDB), 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.

Benefits Provided – The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The normal retirement age should not be less than age 55 or more than age 60. Any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Members with a combined age and years of service totaling 80 or more, with a minimum age of 50 also qualify for a normal retirement pension.

A member is eligible for retirement after attainment of age 55 with at least five years of credited service. A member is eligible for 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.

The annual retirement benefit for the defined benefit component is 2.0 percent of the average of the member’s highest three-year base salary for each year of credited service up to ten years, plus 2.5 percent of the average of the member’s highest three years’ base salary for each year of service thereafter.

NOTE 7 - PENSION PLANS (CONTINUED)

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost-of-living adjustment (COLA) COLAs may be compounding or non-compounding.

The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration of the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution.

Contributions – Contribution rates for the Plan are set by state statute. The FPPA Board of Directors may further increase the required contributions, equally between employer and member, upon approval through an election of both employers and members.

Members of the defined benefit component contributed 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2025, the members of the defined benefit component and their employers contributed at a rate of 12.0 percent and 10.5 percent, respectively, of base salary for a total contribution rate of 22.5 percent. The City's contributions to the plan of the year ended December 31, 2025, were $327,531, equal to the required contributions.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030.

NOTE 7 - PENSION PLANS (CONTINUED)

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

At December 31, 2025, the City reported a net pension liability of $0, representing its proportionate share of the net pension liability of the plan. The net pension liability was measured at December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. 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, 2024, the City's proportion was 0.2693 percent which was an increase of 0.0287 percent from its proportion measured at December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense of $224,979. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 647,010	$ 20,238
Changes of Assumptions or other Inputs	231,559	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	91,914	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	199,595	115,716
Contributions Subsequent to the Measurement Date	327,531	-
Total	$ 1,497,609	$ 135,954

$327,531 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

NOTE 7 - PENSION PLANS (CONTINUED)

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

Year Ended December 31,	Amount
2026	$ 286,292
2027	412,247
2028	44,758
2029	54,963
2030	104,538
Thereafter	131,326
Total	$ 1,034,124

Actuarial Assumptions

The actuarial valuations as of January 1, 2025, determined the total pension liability using the following actuarial assumptions and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2025	January 1, 2024
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% - 11.75%	4.25% - 11.75%
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 nondisabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. 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 Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale.

NOTE 7 - PENSION PLANS (CONTINUED)

Actuarial Assumptions (continued)

The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	33 %	7.00 %
Equity Long/Short	6 %	6.20
Private Markets	34 %	8.80
Fixed Income - Rates	7 %	5.00
Fixed Income - Credit	7 %	6.50
Absolute Return	9 %	5.70
Cash	4 %	4.20
Total	100 %	

NOTE 7 - 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 Statewide Retirement 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.

As of the measurement period ending December 31, 2024, the COLA assumption, which was previously 0.00%, was revised to reflect the true nature of Board's Benefits Policy which includes a variable COLA and supplemental payments. Consistent with Board's policy, the new COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

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 purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.08 percent (based on weekly rate closet 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.

NOTE 7 - PENSION PLANS (CONTINUED)

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)	$ 1,313,927	$ -	$ -

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.

NOTE 8 - 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.

NOTE 8 - RISK MANAGEMENT (CONTINUED)

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.

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, 2025 the City will receive be charged additional premiums of $845 related to the 2024 period. 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 $70,947 at December 31, 2025. For the year ended December 31, 2025, the City's maximum monthly claim liability totaled $708,851. Claims paid against this amount totaled $495,951.

NOTE 9 - 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.

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

TABOR Amendment (continued)

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

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2025, the emergency reserve of $423,000 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.

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Environmental Remediation – SRA (continued)

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, 2025. 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 10 - NET POSITION

At December 31, 2025, 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 11 - INTERNAL BALANCES

All balances owed between funds as of December 31, 2025 are expected to be repaid within one year. In addition, during the year ended December 31, 2025, the Sheridan Redevelopment Agency transferred $1,906,872 to the General Fund as reimbursement for services provided by the City to the SRA. In addition, the General Fund transferred $610,379 to the Capital Improvements Fund for its operations.

NOTE 12 - SUBSEQUENT EVENTS

In April 2026, the City issued Series 2026 General Obligation Refunding Bonds (the 2026 Bonds) in the aggregate principal amount of $17,360,000. Proceeds from the 2026 Bonds were used to refund a portion of the City's outstanding Series 2016 General Obligation Bonds, all of its outstanding Series 2017 General Obligation Bonds, and to pay the cost of issuing the 2026 Bonds. Interest on the 2026 Bonds is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2026. Principal on the 2026 Bonds is payable on December 1 of each year, commencing December 1, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHERIDAN, COLORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2025
With Comparative Totals for Year Ended December 31, 2024

	2025			2024
	Original and Final Budget	Actual	Variance With Final Budget	Actual
Revenues				
Taxes	$ 9,412,642	$ 9,640,148	$ 227,506	$ 9,532,579
Permits and licenses	426,332	436,198	9,866	428,024
Intergovernmental	61,155	140,095	78,940	242,637
Charges for services	158,453	303,815	145,362	289,494
Fines and forfeitures	954,658	863,830	(90,828)	982,127
Investment earnings	350,000	484,677	134,677	564,066
Other income	1,333,365	1,433,294	99,929	1,471,736
Total Revenues	12,696,605	13,302,057	605,452	13,510,663
Expenditures				
General Government				
General government	1,062,319	1,558,467	(496,148)	1,196,812
City clerk	376,948	377,235	(287)	238,174
Victims advocate	161,288	91,077	70,211	88,168
Municipal court	408,772	387,317	21,455	337,662
Legislative	269,570	352,406	(82,836)	220,987
Total General Government	2,278,897	2,766,502	(487,605)	2,081,803
Public Safety				
Police	6,723,959	6,668,877	55,082	6,388,865
Fire	2,545,452	2,545,452	-	2,353,404
Total Public Safety	9,269,411	9,214,329	55,082	8,742,269
Public works	1,428,002	1,196,742	231,260	1,166,477
Community Development	849,882	790,687	59,195	737,735
Non-Departmental	645,642	681,491	(35,849)	666,450
Debt Service	201,600	-	201,600	-
Total Expenditures	14,673,434	14,649,751	23,683	13,394,734
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,976,829)	(1,347,694)	629,135	115,929
Other financing sources (uses)				
Proceeds from line of credit	200,000	-	(200,000)	-
Transfer in	1,770,974	1,906,872	135,898	1,719,612
Transfer out	(3,583,689)	(610,379)	2,973,310	(1,659,249)
Total Other Financing Sources (Uses)	(1,612,715)	1,296,493	2,909,208	60,363
Changes in Fund Balance	$ (3,589,544)	(51,201)	$ 3,538,343	176,292
Fund Balance, Beginning		12,735,250		12,558,958
Fund Balance, Ending		$ 12,684,049		$ 12,735,250

See accompanying Independent Auditors' Report

CITY OF SHERIDAN, COLORADO
BUDGETARY COMPARISON SCHEDULE
SHERIDAN REDEVELOPMENT AGENCY FUND
YEAR ENDED DECEMBER 31, 2025
With Comparative Totals for Year Ended December 31, 2024

	2025				2024
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Property tax increment revenue	$ 3,310,328	$ 3,372,393	$ 3,372,482	$ 89	$ 2,607,407
Sales tax increment revenue	7,521,680	7,462,469	7,466,606	4,137	7,772,869
Public Improvement Fees	3,648,336	3,755,818	3,760,570	4,752	3,740,360
Investment earnings	550,000	574,150	632,150	58,000	643,628
Total Revenue	15,030,344	15,164,830	15,231,808	66,978	14,764,264
Expenditures					
General government	318,176	307,938	138,178	169,760	171,442
Redevelopment projects	2,700	50	148,387	(148,337)	150,471
Debt service	12,945,190	13,082,279	12,046,569	1,035,710	13,775,638
Contingency	70,000	150,000	-	150,000	-
Total Expenditures	13,336,066	13,540,267	12,333,134	1,207,133	14,097,551
Excess (deficiency) of revenues over (under) expenditures	1,694,278	1,624,563	2,898,674	1,274,111	666,713
Other Financing Sources (Uses)					
Transfers out	(1,770,973)	(1,906,872)	(1,906,872)	-	(1,719,612)
Total Other Financing Sources (Uses)	(1,770,973)	(1,906,872)	(1,906,872)	-	(1,719,612)
Changes in Fund Balance	$ (76,695)	$ (282,309)	991,802	$ 1,274,111	(1,052,899)
Fund Balance, Beginning			11,105,021		12,157,920
Fund Balance, Ending			$ 12,096,823		$ 11,105,021

See accompanying Independent Auditors' Report

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Interest	$ 39,553	$ 41,513	$ 43,772	$ 46,248	$ 52,368	$ 55,274	$ 57,589	$ 60,637	$ 57,408	$ 60,574
Benefit changes	43,981	-	-	-	25,204	-	42,925	-	43,504	-
Difference between expected and actual experience of the Total Pension Liability	(13,670)	-	(4,994)	-	(75,921)	-	2,778	-	3,968	-
Changes in assumptions	131,322	-	2,452	-	-	-	20,467	-	41,202	-
Benefit payments	(67,201)	(71,761)	(75,165)	(87,871)	(90,232)	(103,141)	(100,746)	(101,796)	(104,220)	(101,394)
Net changes	133,985	(30,248)	(33,935)	(41,623)	(88,581)	(47,867)	23,013	(41,159)	41,862	(40,820)
Total pension liability-beginning	598,074	628,322	662,257	703,880	792,461	840,328	817,315	858,474	816,612	857,432
Total pension liability-ending	$ 732,059	$ 598,074	$ 628,322	$ 662,257	$ 703,880	$ 792,461	$ 840,328	$ 817,315	$ 858,474	$ 816,612
Plan Fiduciary Net Position										
Contributions - employer *	$ 100,000	$ 50,000	$ -	$ 50,000	$ 50,000	$ 50,000	$ 47,000	$ 44,000	$ 41,000	$ 38,000
Net investment income	18,125	21,081	(22,613)	36,759	26,964	34,516	787	39,305	14,952	6,779
Benefit payments	(67,201)	(71,761)	(75,165)	(87,871)	(90,232)	(103,141)	(100,746)	(101,796)	(104,220)	(101,394)
Pension plan administrative expense	(4,576)	(7,334)	(4,528)	(6,332)	(4,072)	(6,232)	(4,518)	(5,885)	(740)	(2,822)
State of colorado supplemental discretionary payment	23,194	23,194	23,194	23,194	23,194	23,194	23,194	23,194	23,194	23,194
Net changes	69,542	15,180	(79,112)	15,750	5,854	(1,663)	(34,283)	(1,182)	(25,814)	(36,243)
Plan fiduciary net position - beginning	238,047	222,867	301,979	286,229	280,375	282,038	316,321	317,503	343,317	379,560
Plan fiduciary net position - ending	$ 307,589	$ 238,047	$ 222,867	$ 301,979	$ 286,229	$ 280,375	$ 282,038	$ 316,321	$ 317,503	$ 343,317
Net pension liability - ending	$ 424,470	$ 360,027	$ 405,455	$ 360,278	$ 417,651	$ 512,086	$ 558,290	$ 500,994	$ 540,971	$ 473,295
Plan fidcuciary net position as a percentage of total pension liability	42.02%	39.80%	35.47%	45.60%	40.66%	35.38%	33.56%	38.70%	36.98%	42.04%
Covered payroll	N/A	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	N/A

* Contributions to Plan reported on cash basis of accounting.

See accompanying Independent Auditors' Report

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 46,733	$ 48,910	$ 48,910	$ 63,846	$ 63,846	$ 66,102	$ 66,102	$ 46,984	$ 46,984	$ 45,879
Actual contribution*	73,194	73,194	73,194	73,194	73,194	73,194	73,194	70,194	67,194	64,194
Contribution deficiency (excess)	$ (26,461)	$ (24,284)	$ (24,284)	$ (9,348)	$ (9,348)	$ (7,092)	$ (7,092)	$ (23,210)	$ (20,210)	$ (18,315)
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 – STATEWIDE RETIREMENT PLAN

Fiscal year ending December 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement period ending December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion (percentage) of the collective net pension liability	0.2693%	0.2406%	0.2702%	0.2977%	0.3050%	0.3078%	0.3008%	0.0329%	0.3516%	0.3457%
City's proportionate share of the collective net pension liability (asset)	$ -	$ -	$ 239,821	$ (1,613,409)	$ (662,194)	$ (174,058)	$ 380,330	$ (473,065)	$ 127,044	$ (6,095)
Covered payroll	$ 3,447,392	$ 2,483,455	$ 2,687,410	$ 2,679,114	$ 2,946,126	$ 2,428,527	$ 2,015,125	$ 1,923,388	$ 1,807,735	$ 1,681,663
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.0%	0.0%	8.9%	(60.2%)	(22.5%)	(7.2%)	18.9%	(24.6%)	7.0%	(0.4%)
Plan fiduciary net pension as a percentage of the total pension liability (asset)	100.0%	100.0%	97.6%	116.2%	106.7%	101.9%	95.2%	106.3%	98.2%	100.1%

See accompanying Independent Auditors' Report

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions	$ 327,531	$ 344,739	$ 222,606	$ 225,891	$ 209,025	$ 235,690	$ 194,282	$ 161,210	$ 153,871	$ 144,619
Contributions in relation to the statutorily required contributions	327,531	344,739	222,606	225,891	209,025	235,690	194,282	161,210	153,871	144,619
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll - SWDB	$ 2,737,508	$ 3,055,218	$ 2,187,398	$ 2,311,514	$ 2,211,625	$ 2,946,126	$ 2,428,527	$ 2,015,125	$ 1,923,388	$ 1,807,735
Covered payroll - SWDB Reentry	381,835	392,174	296,057	375,896	467,489	-	-	-	-	-
	$ 3,119,343	$ 3,447,392	$ 2,483,455	$ 2,687,410	$ 2,679,114	$ 2,946,126	$ 2,428,527	$ 2,015,125	$ 1,923,388	$ 1,807,735
Contribution as a percentage of covered payroll - SWDB Plan	10.5%	10.0%	9.5%	9.0%	8.5%	8.0%	8.0%	8.0%	8.0%	8.0%
Contribution as a percentage of covered payroll - SWDB Rentry	10.5%	10.0%	5.0%	4.8%	4.5%					

See accompanying Independent Auditors' Report

SUPPLEMENTARY INFORMATION

CITY OF SHERIDAN, COLORADO
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025
With Comparative Totals for December 31, 2024

	Special Revenue Funds		Total	
	Conservation Trust Fund	Arapahoe County Open Space Fund	2025	2024
Assets				
Cash and investments	$ -	$ 1,765,566	$ 1,765,566	$ 1,465,606
Restricted cash and investments	381,680	-	381,680	324,420
Due from other funds	-	-	-	57,256
Total Assets	$ 381,680	$ 1,765,566	$ 2,147,246	$ 1,847,282
Liabilities				
Accounts payable	$ 47	$ -	$ 47	$ -
Due to other funds	40,768	108,505	149,273	24,925
Total Liabilities	40,815	108,505	149,320	24,925
Fund Balances				
Restricted for:				
Parks and open space	340,865	1,657,061	1,997,926	1,822,357
Total Fund Balances	340,865	1,657,061	1,997,926	1,822,357
Total Liabilities and Fund Balances	$ 381,680	$ 1,765,566	$ 2,147,246	$ 1,847,282

CITY OF SHERIDAN, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025
With Comparative Totals for Year Ended December 31, 2024

	Special Revenue Funds		Total	
	Conservation Trust Fund	Arapahoe County Open Space Fund	2025	2024
Revenues				
Intergovernmental	$ 35,488	$ 229,981	$ 265,469	$ 943,890
Investment earnings	15,130	70,360	85,490	86,357
Total Revenues	50,618	300,341	350,959	1,030,247
Expenditures				
Parks, recreation and open space	9,248	166,142	175,390	7,266
Capital Outlay	-	-	-	787,338
Total Expenditures	9,248	166,142	175,390	794,604
Changes in Fund Balance	41,370	134,199	175,569	235,643
Fund Balance, Beginning	299,495	1,522,862	1,822,357	1,586,714
Fund Balance, Ending	$ 340,865	$ 1,657,061	$ 1,997,926	$ 1,822,357

CITY OF SHERIDAN, COLORADO
BUDGETARY COMPARISON SCHEDULE
CONSERVATION TRUST FUND
YEAR ENDED DECEMBER 31, 2025
With Comparative Totals for Year Ended December 31, 2024

	2025			2024
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues				
Intergovernmental	$ 39,600	$ 35,488	$ (4,112)	$ 36,360
Investment earnings	10,000	15,130	5,130	15,637
Total Revenues	49,600	50,618	1,018	51,997
Expenditures				
Parks, recreation and open space	12,000	9,248	2,752	7,266
Capital Outlay	20,000	-	20,000	-
Total Expenditures	32,000	9,248	22,752	7,266
Changes in fund balance	$ 17,600	41,370	$ 23,770	44,731
Fund Balance, Beginning		299,495		254,764
Fund Balance, Ending		$ 340,865		$ 299,495

See the accompanying Independent Auditors' Report

CITY OF SHERIDAN, COLORADO
BUDGETARY COMPARISON SCHEDULE
ARAPAHOE COUNTY OPEN SPACE FUND
YEAR ENDED DECEMBER 31, 2025
With Comparative Totals for Year Ended December 31, 2024

	2025			2024
	Original and Final Budget	Actual	Variance with Final Budget	Actual
Revenues				
Intergovernmental	$ 1,731,954	$ 229,981	$ (1,501,973)	$ 907,530
Investment earnings	60,000	70,360	10,360	70,720
Total Revenues	1,791,954	300,341	(1,491,613)	978,250
Expenditures				
Parks, recreation and open space	2,030,000	166,142	1,863,858	787,338
Total Expenditures	2,030,000	166,142	1,863,858	787,338
Changes in Fund Balance	$ (238,046)	134,199	$ 372,245	190,912
Fund Balance, Beginning		1,522,862		1,331,950
Fund Balance, Ending		$ 1,657,061		$ 1,522,862

CITY OF SHERIDAN, COLORADO
BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2025
With Comparative Totals for Year Ended December 31, 2024

	2025			2024
	Original and Final Budget	Actual	Variance With Final Budget	Actual
Revenues				
Intergovernmental revenues	$ 1,000,000	$ 6,555	$ (993,445)	$ -
Investment earnings	100,000	207,775	107,775	156,886
Total Revenues	1,100,000	214,330	(885,670)	156,886
Expenditures				
Public safety	211,000	257,116	(46,116)	-
Public Works	1,165,000	648,710	516,290	-
Capital Outlay	8,000,000	1,592,219	6,407,781	886,984
Debt Service				
Cost of issuance	121,250	192,976	(71,726)	-
Total Expenditures	9,497,250	2,691,021	6,806,229	886,984
Excess (deficiency) of revenues over (under) expenditures	(8,397,250)	(2,476,691)	5,920,559	(730,098)
Other Financing Sources:				
Transfers in	3,583,689	610,379	(2,973,310)	1,659,249
Proceeds from Certificates of Participation	5,000,000	4,134,055	(865,945)	-
Insurance proceeds	-	36,710	36,710	89,111
Sale of assets	-	90,075	90,075	5,500
Total Other Financing Sources	8,583,689	4,871,219	(3,712,470)	1,753,860
Changes in Fund Balance	$ 186,439	2,394,528	$ 2,208,089	1,023,762
Fund Balance, Beginning		2,848,798		1,825,036
Fund Balance, Ending		$ 5,243,326		$ 2,848,798

CITY OF SHERIDAN, COLORADO
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2025
With Comparative Totals for Year Ended December 31, 2024

	2025			2024
	Original and Final Budget	Actual	Variance With Final Budget	Actual
Revenues				
Taxes	$ 2,091,906	$ 2,055,324	$ (36,582)	$ 2,048,424
Investment earnings	100,000	122,454	22,454	136,448
Total Revenues	2,191,906	2,177,778	(14,128)	2,184,872
Expenditures				
General government	30,054	20,252	9,802	20,573
Debt Service				
Principal	920,000	920,000	-	880,000
Interest	1,135,275	1,135,275	-	1,179,275
Contingency	20,000	-	20,000	-
Total Expenditures	2,105,329	2,075,527	29,802	2,079,848
Changes in Fund Balance	$ 86,577	102,251	$ 15,674	105,024
Fund Balance, Beginning		1,924,416		1,819,392
Fund Balance, Ending		$ 2,026,667		$ 1,924,416

See the accompanying Independent Auditors’ Report

CITY OF SHERIDAN, COLORADO
BUDGETARY COMPARISON SCHEDULE
STORM WATER FUND – NON-GAAP BASIS
YEAR ENDED DECEMBER 31, 2025
With Comparative Totals for Year Ended December 31, 2024

	2025			2024
	Original and Final Budget	Actual	Variance With Final Budget	Actual
Revenue				
User changes and fees	$ 156,967	$ 161,252	$ 4,285	$ 149,283
Interest income	1,000	1,438	438	1,677
Total Operating Revenues	157,967	162,690	4,723	150,960
Operating Expenses				
Stormwater operations	527,704	457,329	70,375	345,367
Changes in Net Position	$ (369,737)	(294,639)	$ 75,098	(194,407)
Net Position, Beginning		6,168,714		6,363,121
Net Position, Ending		$ 5,874,075		$ 6,168,714

COMPLIANCE SECTION

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO
THIS INFORMATION FROM THE RECORDS OF: CITY OF SHERIDAN	PREPARED BY: TERESA ADLER tadler@ci.sheridan.co.us	REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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. Total (1 - (2 through 4))				

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assesments	1,959,005.82	a. Interest on investments	
b. Non-property Taxes and Assessments Imposts	127,986.81	b. Other Misc. Local Receipts	
c. Total (a + b)	$ 2,086,992.63	**c. Total (a + b)**	$ -

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	189,952.82	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	21,301.96		
c. Total (a + b)	$ 21,301.96		
4. Total (1 + 2 + 3c)	$ 211,254.78	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	
b. Engineering Costs	
c. Construction Costs	
d. Total Capital Outlay (a+ b + c)	$ -

Form FHWA-536 (Rev. 02-2025) Page2

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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. Amount used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	2,058,336.25
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 2,086,992.63
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ -
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 4,145,328.88
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 211,254.78
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 4,356,583.66

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ -
2. Maintenance:	240,317.60
3. Road and Street Services:	
a. Snow and Ice Removal	31,802.78
b. Other & Traffic Control Operations	157,431.65
c. Total (a + b)	$ 189,234.43
4. General Administration & Miscellaneous	
5. Highway Law Enforcement and Safety	877,001.11
6. Total (1 through 5)	$ 1,306,553.13
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	1,135,275.00
b. Redemption	920,000.00
c. Total (a + b)	$ 2,055,275.00
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ 2,055,275.00
C. Payments to State for Highways	
D. Payments to Toll Facilities	
E. Total Expenditures (A6 + B3 + C + D)	$ 3,361,828.13

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	24,515,000	$ -	$ 920,000.00	$ 23,595,000.00
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)		$ -	$ -	$ -

CITY OF SHERIDAN

CONTINUING DISCLOSURE
December 31, 2025

TABLE II (Series 2016 & 2017)
TABLE E-4 (Certificates of Participation Series 2025)
History of City's Mill Levy

Levy/Collection Year	General Fund	Bond Account[1]	Abatements	Total Mill Levy
2021/2022	5.974	12.447	0.092	18.513
2022/2023	5.974	12.795	0.380	19.149
2023/2024	5.974	10.431	0.198	16.603
2024/2025	5.974	10.363	0.196	16.533
2025/2026	5.974	9.584	1.076	16.634

[1] A separate account used to pay the principal of and interest on the City's general obligation bonds.
Source: Arapahoe County Assessor's Office

TABLE III (Series 2016 & 2017)
TABLE E-5 (Certificates of Participation Series 2025)
Historical of City's Assessed Valuation

Levy/Collection Year	Gross Assessed Valuation	Tax Increment Valuation[1]	Net Assessed Valuation	Percent Change
2021/2022	191,674,708	35,824,788	155,849,920	
2022/2023	187,955,744	36,236,260	151,719,484	-2.65%
2023/2024	227,479,870	41,392,279	186,087,591	22.65%
2024/2025	224,537,959	37,619,492	186,918,467	0.45%
2025/2026	241,169,435	39,148,802	202,020,633	8.08%

[1] The City does not receive property revenue from incremental assessed valuation in excess of "base" valuation in property tax increment areas.
Source: Arapahoe County Assessor's Office

CITY OF SHERIDAN

CONTINUING DISCLOSURE
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TABLE V (Series 2016 & 2017)
TABLE E-6(Certificates of Participation Series 2025)
Property Tax Collections for the City

Levy/Collection Year	Total Taxes Levied	Current Taxes Collected[1]	Percent of Levy Collected
2020/2021	2,766,411	2,752,010	99.48%
2021/2022	2,885,250	2,828,251	98.02%
2022/2023	2,905,276	2,910,156	100.17%
2023/2024	3,089,612	3,096,280	100.22%
2024/2025	3,090,323	3,088,322	99.94%

[1] Figures include current and delinquent tax collections, as well as penalties thereon.
The Arapahoe County Treasurer fees have not been deducted/
Source: The City of Sheridan

CITY OF SHERIDAN

CONTINUING DISCLOSURE
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TABLE VIII (Series 2016 & 2017)
(Certificates of Participation Series 2025)
History of General Fund Revenues, Expenditures and Changes in Fund Balances

	2021	2022	2023	2024	2025
REVENUES					
Taxes	$ 8,453,990	$ 8,787,625	$ 9,658,237	$ 9,532,579	$ 9,640,148
Licenses	412,652	443,534	401,912	428,024	436,198
Intergovernmental	95,996	1,665,543	194,697	242,637	140,095
Charges for services	235,252	291,602	233,227	286,693	303,815
Fines and forfeitures	762,323	679,643	944,703	982,127	863,830
Investment Earnings	5,394	157,055	494,622	566,867	484,677
Other income	1,137,978	1,199,189	1,499,965	1,471,736	1,433,294
Total Revenues	11,103,585	13,224,191	13,427,363	13,510,663	13,302,057
EXPENDITURES					
General government					
General government	793,456	1,085,005	1,500,907	1,196,812	1,558,467
City Clerk	176,622	300,372	231,867	238,174	377,235
Victims advocate	112,260	115,001	130,768	88,168	91,077
Municipal court	319,766	335,176	298,204	337,662	387,317
Legislative	230,686	180,988	230,688	220,987	352,406
Public Safety					
Police	5,308,559	5,374,215	5,518,581	6,388,865	6,668,877
Fire	2,196,978	2,262,887	2,447,544	2,353,404	2,545,452
Public works	825,544	1,073,830	1,075,712	1,166,477	1,196,742
Community Development	453,100	776,621	629,082	737,735	790,687
Non-deparmental	551,010	588,518	610,665	666,450	681,491
Capital Equipment and Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Total Expenditures	10,967,981	12,092,613	12,674,018	13,394,734	14,649,751
Excess (Deficiency) of revenues over (under) expenditures	135,604	1,131,578	753,345	115,929	(1,347,694)
Other financing sources (uses)					
Debt proceeds	-	-	-	-	-
Transfers in	1,252,273	1,297,370	1,564,536	1,719,612	1,906,872
Transfers out	(607,446)	(609,148)	(565,727)	(1,659,249)	(610,379)
Sale of assets	3,255	4,244	14,590	-	-
Total	648,082	692,466	1,013,399	60,363	1,296,493
Changes in fund balance	783,686	1,824,044	1,766,744	176,292	(51,201)
Beginning fund balance	8,184,484	8,968,170	10,792,214	12,558,958	12,735,250
Ending Fund balance	$ 8,968,170	$ 10,792,214	$ 12,558,958	$ 12,735,250	$ 12,684,049

Source: City's audited financial statements for years ended December 31, 2021 - 2024
Source: 2025 unaudited financials - City of Sheridan