

**Addendum to Preliminary Official Statement Dated March 31, 2026**  
**Date of Addendum: April 8, 2026**

**\$19,135,000\* (Formerly \$24,420,000\*)**  
**CITY OF SHERIDAN, COLORADO**  
**GENERAL OBLIGATION REFUNDING BONDS**  
**SERIES 2026**

The Preliminary Official Statement originally dated March 31, 2026 (the “Preliminary Official Statement”), relating to the offering of the above-captioned bonds by the City of Sheridan, Colorado, is hereby amended as described below (capitalized words used herein and not otherwise defined have the meanings assigned to them in the Preliminary Official Statement, as amended hereby).

The refunding plan described in the Preliminary Official Statement has been updated to provide for the refunding of a portion (as opposed to all) of the outstanding Series 2016 Bonds. The Series 2016 Bonds maturing on December 1, 2041, in the aggregate principal amount of \$5,170,000, will not be included in the refunding and will remain outstanding upon issuance of the Bonds. Conforming updates have been made to the following sections of the Preliminary Official Statement: (i) Cover Page; (ii) “INTRODUCTION—Purpose”; (iii) “THE BONDS—Use of Bond Proceeds—The Refunding Plan”; (iv) “THE BONDS—Debt Service Requirements”; and “CITY DEBT STRUCTURE—General Obligation Debt” (Table XIII has been added).

In addition to the description of the refunding plan, the preliminary aggregate principal amount and preliminary principal debt service amounts for the Bonds have been updated, as well as the sale date listed on the cover (now anticipated to occur on April 15, 2026).

This addendum constitutes an integral part of the Preliminary Official Statement. The portions of the Preliminary Official Statement not addressed in this Addendum remain unchanged.

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\* Preliminary; subject to change.

**AMENDED AND RESTATED PRELIMINARY OFFICIAL STATEMENT**  
**Originally Dated March 31, 2026 and Amended as of April 9, 2026**

**NEW ISSUE**  
**BOOK-ENTRY-ONLY**

**RATING: S&P Global Ratings “AA-”**  
**(See “MISCELLANEOUS—Rating”)**

*In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations, and continuing compliance with certain covenants, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that, under existing State of Colorado statutes, the Bonds and the income therefrom are exempt from State of Colorado taxation, except inheritance, estate, and transfer taxes. For a more detailed description of such opinions of Bond Counsel, see “TAX MATTERS” herein.*



**\$19,135,000\***  
**CITY OF SHERIDAN, COLORADO**  
**GENERAL OBLIGATION REFUNDING BONDS**  
**SERIES 2026**

**Dated: Date of Delivery**

**Due: December 1, as shown below**

The Series 2026 Bonds (the “Bonds”) are being issued by the City of Sheridan, Colorado (the “City”), as fully registered obligations in the denomination of \$5,000 or any integral multiple thereof. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds, and the Bonds will be registered in the name of Cede & Co., as nominee of DTC. Purchasers of the Bonds will not receive certificates evidencing their ownership interests in the Bonds. As long as DTC or its nominee is the registered owner of the Bonds, payments of principal of, premium, if any, and interest on the Bonds will be made by the Paying Agent, initially U.S. Bank Trust Company, National Association, Denver, Colorado, directly to DTC, which will remit such payments to its Participants (as defined herein) for subsequent distribution to the Beneficial Owners (as defined herein). Capitalized terms used on the cover page of this Official Statement are defined in the Introduction herein.

Interest on the Bonds is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2026. The Bonds mature, bear per annum interest and are priced or priced to yield as follows:

**MATURITY SCHEDULE**  
**CUSIP<sup>®</sup> 823653<sup>1</sup>**

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	CUSIP <sup>®</sup> , <sup>1</sup>	Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	CUSIP <sup>®</sup> , <sup>1</sup>
2026	\$1,380,000				2035	\$1,465,000			
2027	1,180,000				2036	1,515,000			
2028	1,205,000				2037	670,000			
2029	1,235,000				2038	695,000			
2030	1,275,000				2039	715,000			
2031	1,310,000				2040	745,000			
2032	1,350,000				2041	775,000			
2033	1,385,000				2042	805,000			
2034	1,430,000								

\$ \_\_\_\_\_ \* \_\_\_\_\_ % Term Bond due December 1, 20\_\_; Yield: \_\_\_\_\_ %; CUSIP<sup>®</sup>: 823653 \_\_<sup>1</sup>

Proceeds from the sale of the Bonds will be used (i) to refund a portion of the City’s outstanding General Obligation Bonds, Series 2016, and all of its outstanding General Obligation Bonds, Series 2017, as described herein, and (ii) to pay the costs of issuing the Bonds. The Bonds are general obligations of the City and are secured by the City’s full faith and credit. All taxable property within the boundaries of the City is subject to ad valorem taxation without limitation as to rate or amount, in an amount sufficient to pay the principal of and interest on the Bonds when due.

The Bonds are subject to redemption prior to maturity as described herein.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as, and if issued by the City and accepted by the Underwriter named below, subject to the approval of legality and certain other matters by Kutak Rock LLP, as Bond Counsel, and subject to certain other conditions. Kutak Rock LLP has acted as Special Counsel to the City for purposes of assisting the City with the preparation of this Official Statement. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about April \_\_, 2026.

**SELLING: April 15, 2026**  
**MANNER OF SALE: Parity**  
**FINANCIAL ADVISOR: Ehlers & Associates, Inc**

**The date of this Official Statement is April \_\_, 2026.**

\* Preliminary; subject to change.

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<sup>1</sup> The City takes no responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of Owners of the Bonds.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**CITY OF SHERIDAN, COLORADO**

**City Council**

Sally Daigle, Mayor  
Michael Moreno, Mayor Pro-Tem  
Ernie Camacho, Council Member  
Christophe Clark, Council Member  
Anthony Lopez, Council Member  
Desiree Stange, Council Member  
Jay Whittaker, Council Member

**City Officials**

Devin Granbery, City Manager  
Jenna DiRubbo, City Clerk

**Financial Consultant/City Finance Director**

Elevated Clarity  
Fort Collins, Colorado

**General Counsel to the City**

Wilson Williams Fellman Dittman  
Louisville, Colorado

**Underwriter**

\_\_\_\_\_

**Paying Agent/Registrar**

U.S. Bank Trust Company, National Association  
Denver, Colorado

**Municipal Advisor**

Ehlers & Associates, Inc.  
Minneapolis, Minnesota

**Bond Counsel and Special Counsel**

Kutak Rock LLP  
Denver, Colorado

No dealer, salesman, or other person has been authorized to give any information or to make any representation, other than the information contained in this Official Statement, in connection with the offering of the Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the City or the Underwriter. The information contained in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been furnished by the City and obtained from other sources which are believed to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information, and this Official Statement is not to be construed as the promise or guarantee of the Underwriter.

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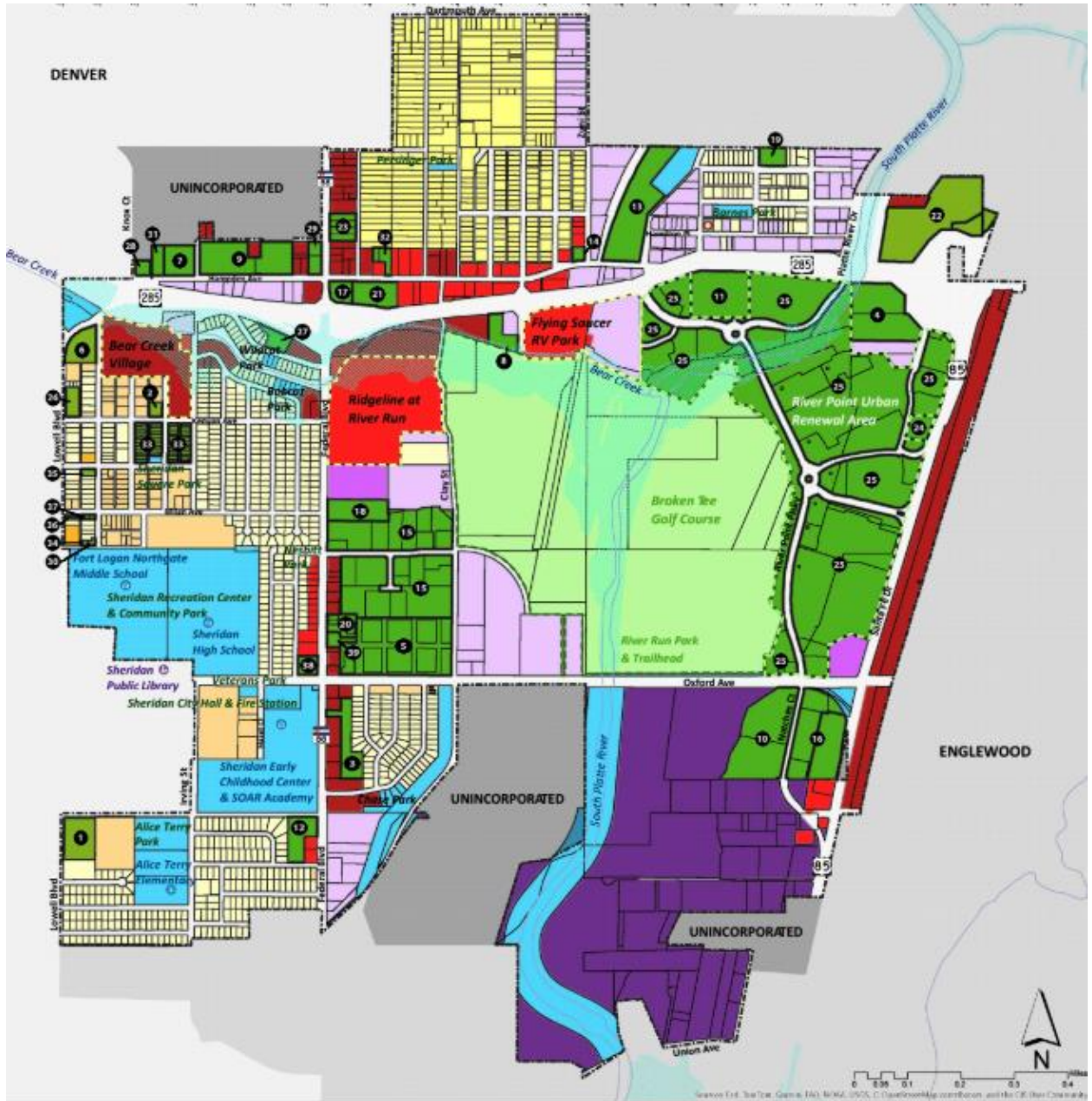
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Neither the Securities and Exchange Commission nor any securities regulatory authority of any state has approved or disapproved the Bonds or this Official Statement. Any representation to the contrary is unlawful.

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# CITY BOUNDARY MAP





## INTRODUCTION

This Official Statement is furnished to prospective purchasers in connection of the issuance by the City of Sheridan (the “City”), of its General Obligation Refunding Bonds, Series 2026, dated as of the date of delivery in the aggregate principal amount of \$19,135,000\* (the “Bonds”). The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds.

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The following introductory material is only a brief description of, and is qualified by, the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein.

- Issuer** ..... The City is a municipal corporation and a political subdivision of the State of Colorado (the “State”) that was originally incorporated in 1890 and became a home rule municipality in 2002 upon the adoption of its Home Rule Charter (the “Charter”). The City encompasses approximately two square miles in Arapahoe County (the “County”) in the southern Denver metropolitan area, approximately six miles southwest of downtown Denver. The City is substantially developed and has a 2025 certified assessed valuation of \$241,169,435, which includes \$39,148,802 in incremental assessed valuation in excess of “base” valuation in property tax increment areas from which the City does not receive property tax revenue. See “CITY FINANCIAL INFORMATION—Tax Increment Areas.” The City has an estimated 2024 population of approximately 5,932 persons. See “THE CITY” and the preceding “CITY BOUNDARY,” and “REGIONAL MAP.”
- Purpose** ..... The Bonds are being issued to refund a portion of the City’s outstanding General Obligation Bonds, Series 2016, and all of the City’s outstanding General Obligation Bonds, Series 2017; and (ii) paying the costs of issuing the Bonds. See “THE BONDS—Use of Bond Proceeds—*The Refunding Plan.*”
- Security** ..... The Bonds are general obligations of the City, secured by the City’s full faith and credit. All taxable property within the boundaries of the City is subject to ad valorem property taxation without limitation as to rate or amount, in an amount sufficient to pay the principal of and interest on the Bonds when due. See “THE BONDS—Security for the Bonds.”
- Authority for Issuance** ..... The Bonds are issued in full conformity with the Constitution and the laws of the State, including Part 2 of Article 57 of Title 11, Colorado Revised Statutes and the City Charter, and pursuant to an authorizing ordinance (the “Bond Ordinance”) adopted by the Sheridan City Council (the “Council”). See “THE BONDS—Use of Bond Proceeds.”
- Prior Redemption** ..... The Bonds are subject to redemption prior to maturity as described under “THE BONDS—Prior Redemption.”

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\* Preliminary; subject to change.

- Registration**..... The Bonds will be issued in fully registered form and will be registered initially in the name of “Cede & Co.” as nominee for The Depository Trust Company, New York, New York (“DTC”), a securities depository. Beneficial ownership interests in the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof through brokers and dealers who are, or who act through, participants in the DTC system (the “Participants”). Such beneficial ownership interests will be recorded on the records of the Participants. Persons for which Participants acquire interests in the Bonds (the “Beneficial Owners”) will not receive Bonds evidencing their interests in the Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. See “APPENDIX E—BOOK-ENTRY-ONLY SYSTEM” for a discussion of the operating procedures of the DTC system with respect to payments, registration, transfers, notices, and other matters. Except as otherwise provided in this Official Statement, the term “Owner” shall refer to the registered owner of any Bond, as shown by the registration books maintained by the Registrar.
- Exchange and Transfer** ..... While the Bonds remain in book-entry-only form, transfer of ownership by Beneficial Owners (as defined by the rules of DTC, defined below) may be made as described under the caption “APPENDIX E—BOOK-ENTRY-ONLY SYSTEM.”
- Payment Provisions** ..... The Bonds mature and bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the rates set forth on the cover page hereof. Such interest is payable semiannually on June 1 and December 1 of each year (each, an “Interest Payment Date”), commencing on December 1, 2026. Payments of the principal of and interest on the Bonds will be made as described in “APPENDIX E—BOOK-ENTRY-ONLY SYSTEM.”
- Record Date** ..... The record date, with respect to each Interest Payment Date, means the 15<sup>th</sup> day of the month (whether or not such day is a Business Day) preceding the date on which such Interest Payment Date occurs.
- Tax Status**..... In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations, and continuing compliance with certain covenants, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that, under existing State of Colorado statutes, the Bonds and the income therefrom are exempt from State of Colorado taxation, except inheritance, estate, and transfer taxes. For a more detailed description of such opinions of Bond Counsel, see “TAX MATTERS” herein.
- Delivery Information** ..... The Bonds are offered when, as, and if executed and delivered, and accepted by the underwriter named on the cover page hereof. (the “Underwriter”), subject to prior sale and the approving legal opinion of Bond Counsel. It is expected that the Bonds will be available for delivery on or about April \_\_, 2026, against payment therefor.

- Exchange and Transfer .....** While the Bonds remain in book-entry-only form, transfer of ownership by Beneficial Owners may be made as described under the caption “APPENDIX E—BOOK-ENTRY-ONLY SYSTEM.” In the event that DTC ceases to act as securities depository for the Bonds, the Bond Ordinance provides for the transfer of Bonds by the Registrar pursuant to specified terms and provisions.
- Financial Statements .....** Appended hereto are the Audited Financial Statements of the City as of and for the year ended December 31, 2024, being the most recent Audited Financial Statements available.
- Additional Information .....** ALL OF THE SUMMARIES OF THE STATUTES, RESOLUTIONS, OPINIONS, CONTRACTS, AND AGREEMENTS DESCRIBED IN THIS OFFICIAL STATEMENT ARE SUBJECT TO THE ACTUAL PROVISIONS OF SUCH DOCUMENTS. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from (i) the City’s municipal advisor, Ehlers & Associates, Inc., 3001 Broadway Street NE, Suite 320 Minneapolis, Minnesota 55413, Telephone: (651) 697-8572, or (i) the City Manager, 4101 South Federal Boulevard, Sheridan, Colorado 80110, Telephone: (303) 762-2200.

## **THE BONDS**

### **Description**

The total principal amount, dated date, maturity dates and interest rates of the Bonds are set forth on the cover page hereof. Certain matters relating to the Bonds are described in detail in “INTRODUCTION” and are not restated under this caption. These include provisions regarding registration and denominations of the Bonds; exchange and transfer of the Bonds; payment of the principal of and interest on the Bonds; a description of the authority for issuance of the Bonds; and information regarding delivery of the Bonds. See “INTRODUCTION” for a description of the matters referred to in the previous sentence, as well as other information relating to the Bonds.

### **Prior Redemption**

**Optional Redemption.** The Bonds maturing on or before December 1, 20\_\_ are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after December 1, 20\_\_ are subject to redemption prior to maturity at the option of the City, in whole or in part, and if in part, in such order of maturity as the City shall determine and by lot within any maturity in such manner as the Paying Agent shall determine, on December 1, 20\_\_ and on any date thereafter, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date.

**Mandatory Sinking Fund Redemption.** The Bonds maturing on December 1, 20\_\_ are subject to mandatory sinking fund redemption by lot on December 1 of each year set forth below, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date:

<b>Year (December 1)</b>	<b>Principal Amount</b>
20__	
20__	
20__ <sup>1</sup>	

<sup>1</sup> Final maturity; not a sinking fund redemption.

At its option, to be exercised on or before the forty-fifth day next preceding each sinking fund redemption date, the City may (a) deliver to the Paying Agent for cancellation any Bonds with the same maturity date as the Bonds subject to such sinking fund redemption, and (b) receive a credit in respect of its sinking fund redemption obligation for any Bonds with the same maturity date as the Bonds subject to such sinking fund redemption which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled by the Paying Agent and not theretofore applied as a credit against any sinking fund redemption obligation. Each Bond so delivered or previously redeemed shall be credited by the Paying Agent at the principal amount thereof to the obligation of the City on such sinking fund redemption date, and the principal amount of Bonds to be redeemed by operation of such sinking fund on such date shall be accordingly reduced.

**Redemption Procedures.** Notice of any redemption of the Bonds is to be given by the Paying Agent by sending a copy of such notice by electronic means or first-class, postage prepaid mail, not less than 30 days prior to the redemption date, to the Owner of each Bond being redeemed. Such notice is to specify the number or numbers of the Bonds so to be redeemed (if redemption shall be in part) and the redemption date. If, by the date of the sending of such notice, sufficient moneys have not been deposited with the City or the City’s escrow agent for the payment of the redemption price of, and the accrued interest, if any, on, such Bonds on such redemption date, such notice may additionally state that such redemption shall be conditioned upon delivery to the Paying Agent of moneys sufficient to pay such redemption price and accrued interest on or before such redemption date. If any Bond shall have been duly called for redemption and if, on or before the redemption date, there shall have been deposited with the Paying Agent in accordance with the Bond Ordinance funds sufficient to pay the redemption price of such Bond on the redemption date, then such Bond will become due and payable at such redemption date, and from and after such date interest will cease to accrue thereon. Failure to deliver any redemption notice or any defect in any redemption notice will not affect the validity of the proceeding for the redemption of Bonds with respect to which such failure or defect did not occur. Any Bond redeemed prior to its maturity by prior redemption or otherwise shall not be reissued and is to be cancelled.

**Use of Bond Proceeds**

**The Refunding Plan.** The Bonds are being issued for the purpose of refunding a portion of the City’s outstanding General Obligation Bonds, Series 2016, originally issued in the aggregate principal amount of \$17,980,000 (the “Series 2016 Bonds”). The Series 2016 Bonds to be refunded include those bonds maturing on December 1, 2026 through and including December 1, 2036, at an aggregate principal amount of \$8,060,000 (referred to herein as the “refunded Series 2016 Bonds”). The Series 2016 Bonds that are not included in the refunding and will remain outstanding upon issuance of the Bonds include the

Series 2016 Bonds maturing on December 1, 2041, which are currently outstanding in the aggregate principal amount of \$5,170,000 (referred to herein as the “unrefunded Series 2016 Bonds”).

A portion of the net proceeds of the Bonds will also be used to refund all of the City’s outstanding General Obligation Bonds, Series 2017, originally issued in the aggregate principal amount of \$13,020,000 and currently outstanding in the aggregate principal amount of \$10,365,000 (the “Series 2017 Bonds” and, together with the refunded Series 2016 Bonds, the “Refunded Bonds”). The Refunded Bonds bear interest at a rate of 5.00% per annum and are subject to redemption prior to maturity at the option of the City, in whole or in part, on any date, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date.

Upon issuance of the Bonds, the net proceeds thereof will be applied to the immediate payment and redemption of the Refunded Bonds. As provided in the Bond Ordinance, the City is refinancing the Refunded Bonds at a lower interest rate and, therefore, advance voter approval is not required pursuant to Section 20 of Article X of the Colorado Constitution.

**Sources and Uses of Funds.** The sources and uses of funds relating to the Bonds is set forth below.

Sources:

Par Amount of the Bonds.....	.....
[Net] Original Issue Premium.....	.....
Total.....	.....

Uses:

Redemption of Refunded Bonds.....	.....
Costs of issuance, including underwriting discount, <sup>1</sup> rating agency fees, professional fees, printing costs and contingency .....	.....
Total.....	.....

<sup>1</sup> See “MISCELLANEOUS—Underwriting.”

**Security for the Bonds**

**General Obligation Debt.** The Bonds are general obligations of the City. The full faith and credit of the City are pledged for the payment of the principal of and interest on the Bonds. For the purpose of paying the principal of and interest on the Bonds when due, the Board is to annually determine and certify to the Board of County Commissioners of Arapahoe County a rate of levy for general ad valorem taxes, without limitation as to rate or amount, on all of the taxable property in the City, sufficient to pay the principal of and interest on the Bonds when due, whether at maturity or upon earlier redemption.

The City may use legally available moneys other than the proceeds of general ad valorem property taxes levied pursuant to the Bond Ordinance to pay all or any portion of the principal of or interest on the Bonds. If and to the extent such other legally available moneys are used to pay the principal of or interest on the Bonds, the City may, but will not be required to, (a) reduce the amount of taxes levied for such purpose pursuant to the Bond Ordinance; or (b) use proceeds of taxes levied pursuant to the Bond Ordinance to reimburse the fund or account from which such other legally available moneys are withdrawn for the amount withdrawn from such fund or account to pay the principal of or interest on the Bonds. If the City selects alternative (b) in the immediately preceding sentence, the taxes levied pursuant to the Bond Ordinance are to include amounts sufficient to fund the reimbursement.

The City's obligation to pay the principal of and interest on the Bonds is on a parity with the City's obligation to pay the principal of and interest on its other general obligation debt, and any general obligation debt issued or incurred after the issuance of the Bonds. The Bond Ordinance does not restrict the City's ability to issue or incur additional general obligation debt, although issuance of the general obligation debt is subject to the same constitutional and statutory limitations that apply to the issuance of the Bonds, including, but not limited to, constitutional and statutory provisions requiring voter approval of general obligation debt. After the issuance of the Bonds, the City will have no authorized but unissued general obligation indebtedness. For a description of the City's outstanding general obligation debt upon issuance of the Bonds, see "CITY DEBT STRUCTURE—General Obligation Debt" herein.

The annual debt service on the Bonds is set forth in "—Debt Service Requirements" below. For a description of certain constitutional and statutory limits on the issuance of general obligation debt, see "CITY FINANCIAL INFORMATION—Constitutional Amendment Limiting Taxes and Spending."

***Bond Ordinance Irrepealable.*** The Bond Ordinance provides that after the Bonds have been issued, the Bond Ordinance shall be and remain a contract between the City and the registered owners of the Bonds, and shall be and remain irrepealable until all amounts due with respect to the Bonds shall be fully paid, satisfied and discharged and all other obligations of the City with respect to the Bonds have been satisfied in the manner provided in the Bond Ordinance.

***Supplemental Ordinances.*** The City may, without the consent of or notice to the registered owners of the Bonds, adopt one or more ordinances amending or supplementing the Bond Ordinance if such amendment does not materially adversely affect the interests of the registered owners of the Bonds.

***Future Changes in Laws.*** Various Colorado laws and constitutional provisions and federal laws and regulations apply to the operations of the City and imposition, collection and expenditure of ad valorem property taxes and other funds of the City. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, constitutional provisions and regulations, or judicial or administrative interpretations thereof, which would have a material effect, directly or indirectly, on the operations of the City or the imposition, collection and expenditure of ad valorem property taxes or other funds of the City to pay debt service on the Bonds.

***Limitations on Remedies Available to Owners of Bonds.*** There is no bond trustee or similar person to monitor or enforce the provisions of the Bond Ordinance. The owners of the Bonds should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the Bond Ordinance) may have to be enforced from year to year. The obligation to pay general ad valorem property taxes is secured by a statutory lien upon the taxed property but is not an obligation for which a property owner may be held personally liable in the event of a deficiency. The owners of the Bonds cannot foreclose on property within the boundaries of the City or sell such property in order to pay the debt service on the Bonds. See "CITY FINANCIAL INFORMATION—Ad Valorem Property Taxes" for a description of property tax collection and enforcement.

In addition, the enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in Bond Counsel's opinion. The opinion will state, in part, that the obligations of the City with respect to the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, to the exercise of judicial discretion in appropriate cases and to the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the

United States of America of the powers delegated to it by the Constitution of the United States of America. Bankruptcy proceedings or the exercise of other powers of the federal government, or the exercise of the police powers of the State, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of rights. Sections 362 and 922 of the United States Bankruptcy Code (Title 11 of the United States Code) provide that, in the event the City files a petition in bankruptcy, the enforcement of a lien on or arising out of taxes or assessments owed will be stayed, with the result that payments of principal of and interest on the Bonds after the City filed such petition may be subject to a plan for the adjustment of the City’s debts approved by the bankruptcy court.

**Debt Service Requirements**

Set forth in the following table are the debt service requirements for the Bonds and the unrefunded Series 2016 Bonds, which constitute the City’s only other outstanding general obligation indebtedness. See “CITY DEBT STRUCTURE—General Obligation Debt.”

**TABLE I  
Debt Service Requirements<sup>1</sup>**

Year *	The Bonds		Series 2016 Bonds <sup>2</sup>	Annual Amount
	Principal *	Interest		
2026	\$ 1,380,000		\$ 168,025	
2027	1,180,000		168,025	
2028	1,205,000		168,025	
2029	1,235,000		168,025	
2030	1,275,000		168,025	
2031	1,310,000		168,025	
2032	1,350,000		168,025	
2033	1,385,000		168,025	
2034	1,430,000		168,025	
2035	1,465,000		168,025	
2036	1,515,000		168,025	
2037	670,000		1,138,025	
2038	695,000		1,136,500	
2039	715,000		1,139,000	
2040	745,000		1,135,362	
2041	775,000		1,135,750	
2042	<u>805,000</u>		<u>--</u>	
Total	<u>\$19,135,000</u>		<u>\$7,532,912</u>	

\* Preliminary; subject to change.

<sup>1</sup> Assumes no redemption prior to maturity. Figures have been rounded.

<sup>2</sup> Includes the debt service requirements for the Series 2016 Bonds that will not be refunded with the proceeds of the Bonds.

Source: The Underwriter

## THE CITY

### Introduction

The City is a municipal corporation and political subdivision of the State located in Arapahoe County in the southern Denver metropolitan area approximately six miles southwest of downtown Denver. The City was originally incorporated in 1890 and became a home rule city upon adoption of a Home Rule Charter (the “Charter”) in 2002. The City encompasses approximately two square miles with an estimated 2024 population of approximately 5,932.

### City Powers and Functions

Pursuant to the Charter, the City has all powers which are necessary, requisite, or proper for the government and administration of its local and municipal matters, as well as all municipal powers established by the constitution and laws of the State. Among those powers, rights and liabilities specifically granted by the Charter are the following: to have perpetual succession; to own, possess and hold real and personal property; to succeed to all rights and liabilities of the City; to acquire all benefits, and to assume and pay all bonds obligations and indebtedness of the City; to sue and defend, plead, and be impleaded in all courts and places and in all matters and proceedings; purchase, receive, hold, and enjoy, or sell and dispose of real and personal property; to have and use a common seal; to receive bequests, gifts and donations of all kinds of property; and to construct, condemn and purchase, acquire, lease, and to maintain, conduct, and operate waterworks, light plants, telephone systems, power plants, transportation systems, heating plants, and any other public utilities or work or ways, for the use of the City.

In carrying out the powers and duties imposed upon it by the Charter, and the constitution and laws of the State, the City has the power to acquire, within and without its corporate limits, lands, buildings, water, water rights and water storage rights, and other properties and any interest in land and air rights over land, and may take the same upon paying just compensation to the owner as provided by law.

### Governing Body

The City operates under a Council-Manager form of government whereby the City Council is the governing body of the City and has such powers as are possessed by the City and not conferred by the Charter upon others. The City Council acts only by ordinance, resolution or motion in the exercise of its powers. Under the Charter, the City Council appoints the City Manager, who serves at the pleasure of the City Council. The City Manager serves as the chief administrative officer of the City and is responsible for the enforcement of the ordinances, resolutions, franchises, contracts, regulations, policies and directives of the City and the City Council. Under the Charter, the City Council also appoints the City Clerk, the City Treasurer, and the City Attorney, each of whom serves at the pleasure of the City Council, and the City Council also appoints all municipal judges, each for a two-year term, to preside over the Municipal Court.

The City Council consists of seven members, two of whom are nominated and elected from each of the City’s three wards and a mayor, who is nominated and elected at large. Councilors serve staggered four-year terms of office. The mayor is the presiding officer of the City Council and has an equal voice and vote in all proceedings of the City Council. The mayor *pro tem* is appointed from the City Council membership to serve in the event of absence or disability of the mayor. The present members of the City Council, their principal occupations, lengths of service to the City Council and terms of office are as follows:

## Sheridan City Council

Name	Council Position	Principal Occupation	Approximate Years of Service	Term Expires (November)
Sally Daigle	Mayor	Nurse	-- <sup>1</sup>	2029
Michael Moreno	Mayor <i>Pro Tem</i> – Ward 2	Operation Manager	2 <sup>2</sup>	2027
Ernie Camacho	Member – Ward 3	Manufacturing	16	2027
Christophe Clark	Member – Ward 3	Business Owner	-- <sup>1</sup>	2029
Anthony Lopez	Member – Ward 1	Building Engineer	2 <sup>3</sup>	2029
Desiree Stange	Member – Ward 1	Lien Coordinator	3	2027
Jay Whittaker	Member – Ward 2	Sales	5	2029

<sup>1</sup> Sally Daigle and Christophe Clark were elected at the November 2025 election.

<sup>2</sup> Michael Moreno was appointed in January 2024 to fill a vacancy, and was first elected in November 2025 for a two-year term.

<sup>3</sup> Anthony Lopez was appointed in March 2024 to fill a vacancy, and was first elected in November 2025 for a four-year term.

The City Council effects its decisions through the passage of ordinances, resolutions and motions. All legislative enactments must be in the form of an ordinance, as well as every act making an appropriation, creating an indebtedness, authorizing borrowing of money, levying a tax, establishing any rule or regulation for the violation of which a penalty is imposed, or placing any burden upon or limiting the use of private property. All other actions may be in the form of resolutions or motions. Except as otherwise provided in the Charter, the adoption of ordinances requires a majority affirmative vote of the entire Council for final passage and all ordinances take effect five days after publication following final passage. The Charter reserves the right of the City’s qualified electors to propose ordinances to the City Council by means of an initiatory petition procedure and to subject ordinances (except those passes as emergency ordinances and certain other ordinances) to reconsideration by the City Council or a referendum vote through the submission of a referendary petition.

### Administration and Management

While the City Council is responsible for providing policy direction for the City and the adoption of ordinances, resolutions and motions regulating City affairs, the day-to-day operations of the City are conducted by City staff members and the City’s consultants. The City Manager supervises all City departments (except for those of City Council-appointed officials, such as the City Clerk, the City Treasurer, and the City Attorney) and, also serves as the City’s Economic Development Director. Beginning in 2008, Pinnacle Consulting Group, Inc., Loveland, Colorado, has acted as the financial consultant for the City, overseeing the City’s finance department. The finance department is responsible for all accounting, budgeting, sales and use tax, utility billing, investing and debt management functions.

Below is certain information on administrative and management personnel most directly involved in the management of the City, their duties within the City government and their background experience.

**City Manager.** Devin Granbery has served as the City Manager since December 2011. Mr. Granbery has a Bachelor of Arts in Political Science from the University of Colorado at Boulder and a Masters of Public Administration from the University of Colorado at Denver. His prior economic development experience includes work as Town Manager for Dillon, Colorado, and Department head in the Town of Superior, Colorado where he put together an extensive plan and guided the economic development efforts of Superior for four years. His interest and dedication to economic development started over 18 years ago when he was working for the City of Thornton, Colorado and was selected as a founding member Thornton’s first economic development department.

**City Clerk.** Jenna DiRubbo has served as the City Clerk since 2023 and has held various positions within the City since 2014. She is a certified Workflow and System Administrator who is dedicated to advancing the City and promoting transparency. Mrs. DiRubbo's innovative approach and strategic thinking have led to the implementation of several key initiatives that have streamlined workflows and improved public access to information. Mrs. DiRubbo holds Master Municipal Clerk, and Certified Municipal Clerk certifications and is an Anthenian Fellow of the International Institute of Municipal Clerks.

**Financial Consultant/Finance Director.** Beginning in 2025, Elevated Clarity, Fort Collins, Colorado has acted as the Finance Director for the City, overseeing the City's finance department. The finance department of the City is responsible for all accounting, budgeting, sales and use tax, utility billing, investing and debt management functions.

**City Attorney.** The City Attorney acts as the legal advisor to, and the attorney and counsel for, the City Council and is responsible solely to the City Council. The City Attorney: drafts or reviews all ordinances, contracts, bonds, and other written instruments submitted by the City Council and the City Manager; advises any City officer or department head in matters relating to official duties; calls to the attention of the City Council all matters of law or changes therein affecting the City; is responsible for the prosecution of ordinance violations; and performs such other duties as may be prescribed by the Charter or the City Council. The law firm of Wilson Williams Fellman Dittman was appointed general legal counsel to the City in March 2025.

Betsy Stewart is a Senior Associate Attorney at Wilson Williams Fellman Dittman. She has over 10 years of experience advising and representing state and local governments. She currently serves as the City Attorney for the City, General Counsel for Bachelor Gulch Metropolitan District, Deputy Town Attorney for the Town of Avon, and Assistant City Attorney for Fort Morgan, Salida, and Woodland Park. Ms. Stewart holds a Juris Doctor from Mercer University and a Bachelor of Arts in History from West Virginia University.

Brandon Dittman is a founding Partner at Wilson Williams Fellman Dittman. Mr. Dittman has over 10 years of experience in municipal law, including serving as the Assistant City Attorney for the City and County of Denver. Mr. Dittman currently serves as Deputy City Attorney for the City, the Town Attorney for the Town of Lyons, City Attorney for the City of Las Animas, and general counsel for the Colorado Association of Municipal Utilities and the Arkansas River Power Authority. Mr. Dittman holds a Juris Doctor from University of Colorado Law School, a Bachelor of Arts in Political Science and a Bachelor of Science in Economics from Purdue University, West Lafayette.

### **City Employees and Benefits**

The City currently employs 57 employees including 49 full-time employees and 4 part-time employees. The City offers a comprehensive employee benefits program to include medical, dental, vision, life and AD&D/accidental death and dismemberment and long-term disability (both paid by the City) and other ancillary benefits through Aflac. The City also offers 12 holidays, vacation leave, sick leave, personal days, and Healthy Families and Workplace Act leave. The City provides retirement benefits to Sworn employees through the Fire and Police Pension Association. A deferred Compensation Plan (457 Plan) is offered to full-time employees with a 401k Employer Matching Plan.

## Services Available to City Residents

The City provides a broad range of municipal services to the community, including police protection; a storm drainage utility; parks and recreation; cultural and general administrative services; and planning and community development. Fire protection is provided by the City and County of Denver through an intergovernmental agreement. Other utilities, as well as education and medical services, are provided by various public and private entities.

## Capital Improvement Plan

Concurrently with the submission of the annual budget, the City Manager is required to prepare and submit to the City Council a recommended capital program for the next fiscal year and for such subsequent fiscal years as requested by City Council. The capital program is to include: (a) a general summary of its contents; (b) a list of all capital improvements that are proposed to be undertaken, continued or completed; (c) cost estimates and methods and timing of financing the improvements; (d) the estimated annual cost of operating and maintaining the improvements; and (e) any additional information required by City Council. This information may be revised or extended each year with regard to capital improvements still pending or in process of construction or acquisition. The following table sets for the City's budgeted capital program for 2026 through 2035 as presented in the CIP Budget Presentation.

<b>Proposed Budget</b>					
<b>Project</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Public Safety	\$ 233,000	\$ 271,450	\$ 285,844	\$ 286,459	\$ 304,303
Public Works	390,000	220,000	115,000	60,000	225,000
Street Repairs/Maintenance	500,000	9,000	1,100,000	1,300,000	1,500,000
Union Pacific RR Rehabilitation	<u>200,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Budgeted Projects	<u>\$1,323,000</u>	<u>\$500,450</u>	<u>\$1,500,844</u>	<u>\$1,646,459</u>	<u>\$2,029,303</u>
	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>
Public Safety	\$ 322,382	\$ 320,703	\$ 329,274	\$ 353,102	\$ 352,195
Public Works	60,000	80,000	145,000	145,000	230,000
Street Repairs/Maintenance	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Union Pacific RR Rehabilitation	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Budgeted Projects	<u>\$1,882,382</u>	<u>\$1,900,703</u>	<u>\$1,974,274</u>	<u>\$1,998,102</u>	<u>\$2,082,195</u>

## River Point at Sheridan

River Point at Sheridan is a 145-acre retail development west of South Santa Fe Drive, between Hampden and Oxford avenues, and adjacent to the South Platte River. This development is the result of an urban renewal project undertaken by the City, the Sheridan Redevelopment Agency, and Weingarten Miller Sheridan LLC, the developer. River Point at Sheridan opened in 2008 and is anchored by a Super Target and a Costco store, and a Regal Entertainment Cinema complex. Approximately 800,000 square feet of retail space was constructed at River Point at Sheridan, of which approximately 730,475 square feet is presently occupied. The 2024 incremental assessed valuation in excess of the base valuation of taxable property in the River Point at Sheridan development is \$37,619,492. Because the River Point at Sheridan development is an urban renewal project, the property tax revenue generated by the City's mill levy applied to the assessed value of taxable property in River Point at Sheridan will continue to be divided, with the amount generated from the base amount being paid to the City, and the amount generated from the incremental amount being paid to the Sheridan Redevelopment Agency, through 2030. See "CITY

FINANCIAL INFORMATION—Ad Valorem Property Tax Data” and “Public Improvement Fee Revenues.”

### **Cybersecurity**

The City is aware of the threat of cyberattacks. A substantial breach of the City’s computer networks, and other technologies could have a material, adverse impact on the City’s finances, operations or equipment. During the past five years, the City has not experienced a materially adverse cybersecurity incident; however, the City has taken measures to protect against such risks. The City has a security awareness program in place that trains employees on cybersecurity issues and tests employees through phishing simulations throughout the year. The City has a business continuity plan which is regularly tested. The City and its IT provider inventories the City’s systems and keep systems patched and up to date. The City runs antivirus on all the systems and backs up its systems to a redundant location on a regular basis and tests for successful restoration.

## **CITY FINANCIAL INFORMATION**

### **Accounting Policies**

The accounts of the City are organized on the basis of funds which are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. Each fund is considered a separate accounting entity. The operations of each fund include its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. For a description of the various funds and account groups, see the City’s 2024 audited financial statements appended hereto. Such financial statements are the most current audited financial information available for the City.

The City Charter requires that an independent audit shall be made of all City accounts at least annually, and more frequently if deemed necessary by the City Council. The audited financial statements must be filed with the state auditor by July 31 of each year. Failure to comply with this requirement to file an audit report may result in the withholding of the City’s property tax revenues by the county treasurer pending compliance.

The City’s fiscal year 2024 financial statements were audited by The Adams Group, LLC, Certified Public Accountants, Greenwood Village, Colorado. Such financial statements are the most current audited financial information available for the City and are appended hereto.

### **Major Sources of General Fund Revenues**

The governmental fund utilized for the administration and operation of the City is the General Fund. The following are the major sources of revenue to such fund.

**General Sales Tax Revenue.** The single largest source of revenue to the General Fund is sales and use tax revenue. In 2024, the City received \$5,502,583 or approximately 36.12% of total General Fund revenue of \$15,230,274 from general sales taxes; and in 2025 the City received \$5,550,578 (unaudited) or approximately 36.71% of total General Fund revenue of \$15,120,772 from general sales taxes. In 2026, the City has budgeted to receive \$5,481,008 or approximately 36.64% of total General Fund revenues of \$14,957,829 from general sales taxes.

**Other Revenue Sources.** Other revenues represented the second largest sources of revenue, representing, among other things, Sheridan Redevelopment Agency Expense Reimbursements and Public Improvement Fees. In 2024, the City received \$4,899,311 or approximately 32.17% of total General Fund revenue from other revenue sources; and in 2025 the City received \$4,729,829 (unaudited) or approximately 32.28% total General Fund revenue from other revenue sources. In 2026, the City has budgeted to receive \$4,879,766 or approximately 32.62% of total General Fund revenues from other revenue sources.

**Ad Valorem Property Taxes.** The third source of revenue to the City’s General Fund is ad valorem property taxes levied pursuant to State law. In 2024, the City received \$1,189,247 or approximately 7.81% of total General Fund revenue from ad valorem property taxes; and in 2025 the City received 1,129,316 (unaudited) or approximately 7.47% of total General Fund revenue from ad valorem property taxes. In 2026, the City has budgeted to receive \$1,292,952 or approximately 8.64% of total General Fund revenues from ad valorem property taxes. See “—Ad Valorem Property Taxes” and “Ad Valorem Property Tax Data” below.

### **Public Improvement Fee Revenues**

In connection with an urban renewal project known as River Point at Sheridan (the “Redevelopment Project”) that was being undertaken by the City, the Sheridan Redevelopment Agency (the “SRA”), and Weingarten Miller Sheridan LLC (the “Developer”), the Developer imposed a 1% Public Improvement Fee (“PIF”) that runs with the land and is binding upon each owner, occupant, and retailer in the approximately 145-acre portion (the “PIF Area”) of the Redevelopment Project. See “THE CITY—River Point at Sheridan” above. The PIF is imposed on the sale price of goods and services in the PIF Area and is collected from the consumer by the retailer or provider of such goods and services and remitted to the City as the collecting agent for the SRA and the trustee for the bonds issued by the SRA for the Redevelopment Project. Under the agreements executed in connection with the financing of the Redevelopment Project, to the extent not needed each year to pay the Series 2011A Bonds issued by the SRA, up to 32.5% of the PIF (the “City PIF”) is to be paid to the City each year through 2029 to be used by the City for the cost of providing municipal services for the Redevelopment Project. The City has traditionally devoted one-half of the City PIF to street and drainage improvement projects benefitting the Redevelopment Project. Such amounts in prior years were as follows: \$481,726 in 2021; \$527,852 in 2022; \$565,727 in 2023; and \$612,141 in 2024 and \$610,379 (unaudited) in 2025.

### **Authority for the Imposition of the Sales and Use Tax**

The City’s sales and use tax is imposed pursuant to Article V of Chapter 62 of the City Municipal Code (the “Sales and Use Tax Code”). The City currently imposes a voter-approved sales and use tax at the rate of 3.50%. The City’s 3.50% sales and use tax, when combined with the State’s 2.90% sales tax, the 0.10% cultural facilities tax, the 1.0% RTD tax, and the County’s 0.25% sales tax, brings the total sales taxes in effect within the City to 7.75% on retail goods.

### **Description of Sales and Use Tax**

**The Sales Tax.** Pursuant to the Sales and Use Tax Code, the City’s sales tax is imposed upon: the purchase of food for home consumption (a significant source of revenue); the purchase price paid or charged upon all sales and purchases of tangible personal property at retail in the City; the purchase of telephone services for all local calls originating in the City on telephone instruments located in the City; the purchase price of gas and electric service, whether furnished by municipal, public or private corporations or enterprises, for gas and electricity furnished and sold for domestic and commercial consumption and not for resale; the purchase price paid or charged for food or drink served or furnished in or by restaurants, cafes, lunch counters, cafeterias, hotels, drug stores, clubs, cabarets, resorts, snack bars, caterers, carry out

shops, and other like places of business at which prepared food or drink is regularly sold to the public, with cover charges included as part of the amount paid for such food or drink; and the purchase price paid or charged to any person or persons for lodging services.

The Sales and Use Tax Code provides that the following classes of tangible personal property and the following sales transactions are exempt from taxation: all sales to the United States Government; all sales to the State, its departments and institutions, and the political subdivisions thereof (including the City) in their governmental capacities only; all sales made to religious and charitable corporations for use in the conduct of their regular religious or charitable functions and activities; all sales which the City is prohibited from taxing under the constitution or laws of the United States, the State, the Charter or the ordinances of the City; all sales of cigarettes; all sales and purchases of rooms or accommodations to any occupant who is a permanent resident of an apartment hotel, lodge housing, motor hotel, guest house, guest ranch, mobile home, auto camp, trailer court or park, and who enters into or has entered into a written agreement for occupancy for a room or rooms or accommodations for a period of at least 30 consecutive days during the calendar year or preceding year; all sales of motor fuel upon which there has accrued or has been paid the motor fuel tax prescribed by the Colorado Motor Fuel Tax of 1933 and amendments thereto; sales to and purchases of tangible personal property by a person engaged in the business of manufacturing, compounding for sale, profit or use, any article, substance, commodity, which tangible personal property enters into the processing of or become an ingredient or component part of the product or service which is manufactured, compounded or furnished and the container, label or the furnished shipping case thereof, is deemed to be wholesale sales and is to be exempt from taxation; sales and purchases of electricity, coal, fuel oil, gas or coke for use in processing, manufacturing, mining, refining, irrigation, building construction, telegraph, telephone and radio communication, street and railroad transportation services and all industrial uses, the newsprint and printer's ink for use by publishers of newspapers and commercial printers is to be deemed to be wholesale sales and is to be exempt from taxation; all sales and purchases of the following for use on farms or ranches for farming or ranching operations: (i) feed for livestock, fish or poultry; (ii) salt, seed, plants, orchard trees; (iii) fertilizer, insecticides, herbicides, and chemicals or compounds; (iv) twine, bailing wire, bags, boxes and other containers; (v) barbed wire and other fencing materials and posts; irrigation pipe and fixtures; grain bins; stock watering, feeding and handling equipment; and (vi) livestock, and poultry; all sales and purchases of farm machinery, and parts for farm machinery; all sales and purchases of motor vehicles, trailers, mobile homes or other vehicles which are required to be registered under the Colorado Motor Vehicle laws, whether new or used under the following conditions: (a) the purchaser, if a natural person, is not a resident of the City and (b) the vehicles or mobile home is to be registered under an address outside of the City and will be primarily housed, located or occupied at such address or other place outside the City; sales of tangible personal property is to be exempted if both the following conditions exist: (a) the sales are to those who are residents or doing business outside the City and (b) the articles purchased are to be delivered to the purchaser outside the City by common carrier or by the conveyance of the seller or by mail; all sales and purchases of medical supplies; 50% of the purchase of (i) factory built housing (including mobile homes), as such housing is defined in Colorado Revised Statutes ("C.R.S.") 24-32-703(3) and of (ii) other buildings or structures including conventional buildings, except that the entire purchase price in any subsequent sale of factory built houses or other buildings severed from real estate after such housing or severed building has once been subject to the payment of sales or use tax under the provisions of the Sales and Use Tax Code are exempt; the sale of construction and building materials, as the term is used in C.R.S. 29-2-109, if such materials are picked up by the purchaser and if the purchaser of such materials presents to the retailer a building permit or other documentation acceptable to the City evidencing that a local use tax has been paid or is required to be paid; the sale of tangible personal property at retail or the furnishing of services if the transaction was previously subjected to a sales or use tax lawfully imposed on the purchaser or user by another statutory or home rule municipality equal to or in excess of the percent set forth in the Sales and Use Tax Code; and all sales and purchases of newspapers.

***The Use Tax.*** The use tax is levied and collected on storage or acquisition charges or costs for the privilege of storing, using or consuming in the City any articles of tangible personal property purchased at retail. Such tax is to be payable to and collected by the City and is computed in accordance with schedules or systems approved by the City Manager.

The Sales and Use Tax Code provides that the following classes of tangible personal property and the following transactions are exempt from use tax: the storage, use or consumption of any tangible personal property, the sale of which is subject to the retail sales tax imposed under the other terms of Sales and Use Tax Code and for which sales tax has been paid to the City; the storage, use or consumption of any tangible personal property as specifically exempted the Sales and Use Tax Code; the storage, use or consumption of tangible personal property brought into the City by a nonresident natural person thereof for his own storage, use or consumption while temporarily within the City; the storage, use or consumption of tangible personal property by the United States Government, the State, its departments and institutions, and the political subdivisions thereof (including the City) in their governmental capacities only, and by non-profit associations of motor vehicles for use in the operation and maintenance of United States Government-owned irrigation facilities; the storage, use or consumption of tangible personal property by religious and charitable corporations for use in the conduct of their regular, religious or charitable functions and activities; the storage of construction and building materials; the storage, use, or consumption of any article of tangible personal property the sale or use of which has already been subjected to a sales or use tax of another statutory or home rule municipality legally imposed on the purchaser or user equal to or in excess of the City rate set forth in Sales and Use Tax Code; and the use or consumption of tangible personal property within the City which occurs more than three years after the most recent sale of the property if, within the three years following such sale, the property has been significantly used within the State for the principal purpose for which it was purchased. Proration of use tax may be applied to certain construction equipment as follows: (a) construction equipment which is located within the boundaries of the City for a period of more than 30 consecutive days is to be subjected to the full applicable use tax of the City, and (b) construction equipment which is located within the boundaries of the City for a period of 30 consecutive days or less is to be subjected to the City's use tax in an amount calculated as set forth in the Sales and Use Tax Code.

### **Manner of Collection of the Sales and Use Tax**

The collection, administration and enforcement of the City's sales and use tax is performed by the City Manager. The City Manager prescribes the reasonable rules and regulations in conformity with the Sales and Use Tax Code for the making of returns, for the ascertainment, assessment and collection of the taxes imposed under the Code and for the proper administration and enforcement thereof.

Every retailer is to be liable and responsible for the payment of an amount calculated on all sales made of commodities or services as set forth in the Sales and Use Tax Code, and before the 20<sup>th</sup> day of each month, make a return to the City for the preceding calendar month and remit an amount equivalent to said percent of such sales to the City. Licensed retailers are to submit a return each month whether or not any taxable sales are made. Such returns of the taxpayer, or his duly authorized agent, contain such information and be made in such manner and upon such forms, as the City may prescribe. The City Manager may extend the time for making returns and paying the taxes due under such reasonable rules and regulations as may be prescribed. The burden of proving that any person is exempt from collecting the tax on any goods sold and paying the same to the City, or from making such returns, is to be on said person.

A notice of assessment is issued by the City for any sales and use tax deficiency, penalties or interest due as discussed below. The payment due date for the sales and use tax due pursuant to a notice of assessment is 15 days after the date of the notice of assessment. Such notices may be protested by a taxpayer to whom it is issued, and timely protests entitle a taxpayer to a hearing thereon.

A penalty is levied by the City on any sales and use tax deficiency. Such penalty is 15% with a minimum of \$15 of the sales and use tax deficiency. The penalty is 100% of the total deficiency for any deficiency due to fraud or the intent to evade the Tax. Finally, the City Manager is authorized to waive any penalty if there is a good cause, therefore. With the exception of specified periods of time wherein a timely protest is made, a monthly interest charge must be levied by the City on any tax deficiency, at 1.5% per month.

**Sales and Use Tax Information**

*History of Sales and Use Tax Collections.* The following table sets forth historical collections of the City’s sales and use tax revenues.

**TABLE II**  
**History of Sales and Use Tax**

<b>Year</b>	<b>Sales Tax</b>	<b>Use Tax</b>	<b>Total</b>	<b>Percent Change</b>
2020	\$4,471,942	\$245,823	\$4,717,765	--
2021	4,804,707	189,002	4,993,709	5.85%
2022	5,412,553	162,314	5,574,867	11.64
2023	5,472,737	160,956	5,633,693	1.06
2024	5,502,583	243,402	5,745,985	1.99
2025 <sup>1</sup>	5,550,578	139,888	5,690,666	(0.97)

<sup>1</sup> Collections through December 31, 2025 (unaudited).  
Source: The City Finance Department

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**Monthly Comparison of Collections.** The following table presents a comparison of monthly collections of the City’s sales and use tax for the two 12-month periods ending December 31, 2024, and December 31, 2025. Sales and use tax receipts generally lag retail sales by one month.

**TABLE III**  
**Monthly Comparison of Collections of 3% General Fund Sales and Use Tax Revenue**

Month	12-month Period Ended December 31, 2024		12-month Period Ended December 31, 2025 <sup>1</sup>		Percent Change 2024 <sup>1</sup>	
	Current Month	Period to Date	Current Month	Period to Date	Current Month	Period to Date
January	\$ 544,205	\$ 544,205	\$563,834	\$ 563,834	3.61%	3.61%
February	377,617	921,822	357,394	921,228	(5.4)	(0.1)
March	352,885	1,274,707	366,627	1,287,855	3.89	1.03
April	493,149	1,767,857	514,639	1,802,494	4.36	1.96
May	421,522	2,189,379	421,375	2,223,869	(0.0)	1.58
June	438,998	2,628,377	420,434	2,644,303	(4.2)	0.61
July	514,992	3,143,369	507,564	3,151,867	(1.4)	0.27
August	448,728	3,592,096	399,436	3,551,303	(11.0)	(1.1)
September	423,803	4,015,899	408,561	3,959,864	(3.6)	(1.4)
October	470,515	4,486,414	534,519	4,494,383	13.60	0.18
November	901,044	5,387,458	812,742	5,307,125	(9.8)	(1.5)
December	358,527	5,745,985	383,341	5,690,466	6.92	(1.0)

<sup>1</sup> Unaudited collections through December 31, 2025, which is subject to change pending return completions and audit review.  
Source: The City Finance Department

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**Top 10 Generators of Sales and Use Tax Revenue.** The following table of the City’s principal sales and use tax generators is based on Sales and Use Tax remittances to the City for the year ended December 31, 2024. Because of the confidential nature of the gross sales of individual entities, State law provides that the identity of the vendors cannot be divulged. No independent investigation has been made of, and consequently there can be no representation as to, the financial condition of any of the entities listed in the following table or that such entities will continue to maintain their status as major sales and use tax generators in the City. According to City officials, as of the date of this Official Statement, approximately 99% of the 1,800 active sales and use tax licenses issued are remitting to the City.

**TABLE IV**  
**City’s Largest Generators of Sales and Use Tax**

Business Type	Sales and Use Tax Collections	Percent of Total Collections <sup>1</sup>
Utilities	\$ 361,007	6.34%
General Merchandise	268,117	4.71
General Merchandise	157,991	2.78
General Merchandise	148,445	2.61
Construction Materials	148,292	2.61
Automotive, Repair, Service, Parts	98,528	1.73
Marijuana Sales	87,753	1.54
Construction Materials	86,896	1.53
Liquor Sales	84,370	1.48
Automotive, Repair, Service, Parts	<u>81,863</u>	<u>1.44</u>
Total	<u>\$1,523,261</u>	<u>26.77%</u>

<sup>1</sup> Based on total sales and use tax revenues collections of \$5,690,466 for the year ended December 31, 2025, which is unaudited and is subject to change pending return completions and audit review.

Source: The City Finance Department

### **Ad Valorem Property Taxes**

The Board has the power, subject to constitutional and statutory guidelines, to certify a levy for collection of ad valorem taxes against all taxable property within the City. Property taxes are uniformly levied against the assessed valuation of all taxable property within the City. The property subject to taxation, the assessment of such property, and the property tax procedure and collections are discussed below.

**Property Subject to Taxation.** Both real and personal property located within the boundaries of the City, unless exempt, are subject to taxation. Exempt properties generally include: property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; charitable property; religious property; irrigation ditches, canals and flumes; household furnishings; personal effects; intangible personal property; inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; agricultural equipment which is used on the farm or ranch in the production of agricultural products; and nonprofit cemeteries.

**Assessment of Property.** All taxable property is listed, appraised and valued for assessment as of January 1 of each year by the County Assessor. The “actual” value, with certain exceptions, is determined by the County Assessor annually based on a biennially recalculated “level of value” set on January 1 of each odd-numbered year. The “level of value” is ascertained for each two-year reassessment period from manuals and associated data prepared and published by the State property tax administrator for the eighteen-month period ending on the June 30 immediately prior to the beginning of each two-year reassessment period. For example, “actual” values for the 2025 levy/2026 collection year are based on market data obtained from the period January 1, 2023–June 30, 2024. “Level of value” calculation does not change for even-numbered years. The classes of property the “actual” value of which is not determined by a level of value include oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals.

The assessed value of taxable property is then determined by multiplying the “actual” value (determined as described in the immediately preceding paragraph) times an assessment ratio.

**Gallagher Amendment Repeal.** The assessment ratio of residential property previously changed from year to year based on a constitutionally mandated requirement to keep the ratio of the assessed value of commercial property to residential property at the same level as it was in the assessment year commencing January 1, 1985 (the “Gallagher Amendment”). The Gallagher Amendment required that statewide residential assessed values be approximately 45% of the total assessed value in the State, with commercial and other assessed values making up the other 55% of the assessed values in the State. In order to maintain this 45% to 55% ratio, the commercial assessment rate was established at 29% of the actual value of commercial property (including vacant land and undeveloped lots) and the residential assessment rate fluctuated. The residential rate was 7.20% for assessment years 2017 and 2018 (collection years 2018 and 2019) and was reduced to 7.15% for assessment years 2019 and 2020 (collection years 2020 and 2021). In 2020, voters in Colorado approved a constitutional amendment to repeal the Gallagher Amendment (the “Gallagher Amendment Repeal”), freezing assessment rates at their current levels until the next assessment year for which the Colorado General Assembly adjusts one or more of the assessment ratios. The Gallagher Amendment Repeal still permits the Colorado General Assembly to adjust any assessment ratio in a downward fashion but no longer obligates a downward residential assessment ratio. Any upward adjustment may require a state-wide vote under the State Constitution.

**Current Assessment Ratios.** Since 2020, the General Assembly has enacted property tax legislation creating new property classes and adjusting the assessment ratios for such property classes. Property is generally classified as either residential or nonresidential. Within the residential category, property is classified as either multi-family or “all other residential.” In the nonresidential category, property is classified as lodging, renewable energy, agriculture, vacant land, commercial, or industrial. For each class of property, an assessment rate is assigned and adjusted (as applicable) in accordance with State law. The residential assessment rate for purposes of a mill levy imposed by a local governmental entity differs from the residential assessment rates imposed for purposes of a mill levy imposed by a school district, and the applicable residential ratio for 2025 and 2026 are to be determined by a Statewide actual growth rate. Furthermore, for property tax years 2025-2026, if there are sufficient excess State revenues, the valuation for assessment for qualified senior primary residential real property will be reduced. See “— Reimbursed Property Tax Reduction for Senior Citizens and Veterans” hereafter.

**Assessment Appeals.** Beginning in May of each year, each county assessor hears taxpayers’ objections to property valuations, and the county board of equalization hears assessment appeals. The assessor is required to complete the assessment roll of all taxable property no later than August 25 each year. The abstract of assessment prepared therefrom is reviewed by the State property tax administrator. Assessments are also subject to review at various stages by the State board of equalization, the State board of assessment appeals and the State courts. Therefore, the City’s assessed valuation may be subject to

modification as a result of the review of such entities. In the instance of the erroneous levy of taxes, an abatement or refund must be authorized by the board of county commissioners. In no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year following the year in which the taxes were levied. Refunded or abated taxes are prorated among all taxing jurisdictions which levied a tax against the property.

***Taxation Procedure.*** The assessed valuation and statutory “actual” valuation of taxable property within the City is required to be certified by the County Assessor no later than August 25 each year. Such value is subject to recertification by the County Assessor prior to December 10. The Board then determines a rate of levy which, when levied upon such certified assessed valuation, and together with other legally available revenues, will raise the amount required annually by the City for its General Fund to defray its expenditures during the ensuing fiscal year. In determining the rate of levy, the Board must take into consideration the limitations on certain increases in property tax revenues as described in “—Constitutional Amendment Limiting Taxes and Spending” below. The certification of the levy must occur no later than December 15. Upon completion of the tax levy certification for the City and other taxing entities within the City, the Board levies against the assessed valuation of all taxable property within the City the applicable property taxes. Such levies are certified to the County Assessor, who thereupon delivers the tax list and warrant to the County Treasurer for the collection of taxes.

***Property Tax Collections.*** Taxes levied in one year are collected in the succeeding year. Taxes certified in 2025, for example, are being collected in 2026. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or two equal installments (not later than the last day of February and June 15) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of 1% per month until paid. Unpaid amounts become delinquent, and interest thereon will accrue from March 1 (with respect to the first installment) and June 16 (with respect to the second installment) until the date of payment, provided that if the full amount of taxes is to be paid in a single payment, such amount will become delinquent on May 1 and will accrue interest thereon from such date until paid. The County Treasurer collects current and delinquent property taxes, as well as any interest, penalties, and other requirements and remits the amounts collected to the City on a monthly basis.

All taxes levied on real and personal property, together with any interest and penalties prescribed by law, as well as other costs of collection, until paid, constitute a perpetual lien on and against the taxed property. Such lien is on parity with the liens of other general taxes. It is the County Treasurer’s duty to enforce the collection of delinquent real property taxes by sale of the tax lien on such realty in December of the collection year and of delinquent personal property taxes by the distraint, seizure and sale of such property at any time after October 1 of the collection year. There can be no assurance, however, that the value of taxes, penalty interest and costs due on the property can be recovered by the County Treasurer. Further, the County Treasurer may set a minimum total amount below which competitive bids will not be accepted, in which event property for which acceptable bids are not received will be set off to the City. Taxes on real and personal property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and canceled by the Board.

***Reimbursed Property Tax Reduction for Senior Citizens and Veterans.*** Article X, Section 3.5 of the State Constitution grants a property tax reduction to qualified senior citizens, qualified veterans, and qualified surviving spouses of United States armed forces service members who died in the line of duty or veterans whose death resulted from a service-related injury or disease. Generally, the reduction (a) reduces property taxes for qualified persons by exempting 50% of the first \$200,000 of actual value of residential property from property taxation; (b) requires that the State reimburse all local governments for any decrease in property tax revenue resulting from the reduction; and (c) excludes the State reimbursement to local governments from the revenue and spending limits established under Article X, Section 20 of the State

Constitution. In addition, for property tax years 2025 and 2026, the assessed value of owner-occupied senior primary residences for those who have previously qualified for the existing senior homestead exemption but are currently ineligible is reduced with the State reimbursing local governments for any decrease in property tax revenue resulting from the reduction.

**Tax Increment Areas**

Colorado law authorizes municipalities to establish both urban renewal authorities and downtown development authorities for the purpose of financing improvements to areas which have been designated by the respective governing bodies of municipalities as being blighted or, with respect to downtown development authorities, subject to deterioration of property values or structures for the purpose of undertaking certain urban renewal activities (a “tax increment area”), the assessed valuation of such property that is taxable does not increase beyond the amount existing in the year prior to the adoption of the applicable urban renewal plan (other than by means of the general reassessment). Any increase above the “base” amount (referred to as the “increment”) is paid to the urban renewal authority or downtown development authority. See “TABLE VI—History of City’s Total Assessed Valuation” below, for information on the assessed valuation attributable to such tax increment areas, also known as a Tax Increment Financing (“TIF”) area. The City includes assessed valuations that are attributable to the Sheridan Redevelopment Agency-River Point at Sheridan Urban Renewal Plan Area.

***Ad Valorem Property Tax Data***

***Assessed Valuation and Mill Levies.*** The City’s mill levies, assessed valuation and property tax collections, from levy year 2021 to date, are set forth in the following tables. See “—Ad Valorem Property Taxes—*Assessment of Property*” above for a description of the assessment ratios for taxable property used in each of such years. See “—Constitutional Amendment Limiting Taxes and Spending” below.

**TABLE V  
History of City’s Mill Levy <sup>1</sup>**

<b>Levy/Collection Year</b>	<b>General Fund</b>	<b>Bond Fund</b>	<b>Abatement Fund</b>	<b>Total Mill Levy</b>
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

<sup>1</sup> One mill equals 1/10 of one cent. Mill levies certified in 2025 are for the collection of ad valorem property taxes in 2026. Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 2021-2024 State of Colorado Property Tax Annual Reports and the County Assessor’s office

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**TABLE VI**  
**History of City’s Total Assessed Valuation**

<b>Levy/Collection Year</b>	<b>Gross Assessed Valuation <sup>1</sup></b>	<b>Tax Increment Valuation</b>	<b>Net Assessed Valuation</b>	<b>Percent Change</b>
2021/2022	\$187,955,744	\$36,236,260	\$151,719,484	--
2022/2023	191,674,708	35,824,788	155,849,920	2.72%
2023/2024	227,479,870	41,392,279	186,087,591	19.40
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

<sup>1</sup> Includes incremental assessed valuation in excess of “base” valuation in property tax increment areas from which the City does not receive property tax revenue. See “Tax Increment Areas” above.  
Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 2021-2024 State of Colorado Property Tax Annual Reports, and the County Assessor’s office

**Property Tax Collections.** The following table sets forth a history of the City’s ad valorem property tax collections since the 2020 levy year on a calendar year basis.

**TABLE VII**  
**History of City’s Property Tax Collections**

<b>Levy/Collection Year</b>	<b>Total Taxes Levied <sup>1</sup></b>	<b>Total Tax Collections <sup>2</sup></b>	<b>Percent of Tax Collections</b>
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 <sup>3</sup>	3,090,258	3,088,322	99.94

<sup>1</sup> Amounts levied do not include the tax increment finance participation which is paid to the Sheridan Redevelopment Agency-River Point at Sheridan Urban Renewal Plan Area. See “—Tax Increment Areas” above.

<sup>2</sup> Includes current tax.

<sup>3</sup> Collections through December 31, 2025 (unaudited).

Sources: The City

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**Assessed and “Actual” Valuation.** The following table sets forth the 2025 assessed and “actual” valuations of specific classes of property within the City. As shown below, commercial properties have accounted for the largest percentage of the assessed valuation and residential properties have accounted for the largest percentage of the actual valuation.

**TABLE VIII  
2025 Assessed and “Actual” Valuation of Classes of Property in the City <sup>1</sup>**

<b>Class</b>	<b>Assessed Valuation <sup>1</sup></b>	<b>Percent of Assessed Valuation</b>	<b>“Actual” Valuation <sup>1</sup></b>	<b>Percent of “Actual” Valuation</b>
Commercial	\$177,064,058	73.02%	\$ 651,182,629	43.93%
Residential	47,934,280	19.77	766,678,354	51.72
Industrial	8,739,824	3.60	32,156,979	2.17
State Assessed	5,584,160	2.30	20,682,090	1.40
Vacant	3,165,826	1.31	11,725,279	0.79
Natural resources	<u>8</u>	<u>0.00</u>	<u>30</u>	<u>0.00</u>
<b>Total</b>	<b><u>\$242,488,156</u></b>	<b><u>100.00%</u></b>	<b><u>\$1,482,425,361</u></b>	<b><u>100.00%</u></b>

<sup>1</sup> Includes incremental assessed valuation in excess of “base” valuation in property tax increment areas from which the City does not receive property tax revenue.

Source: County Assessor’s Office

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**Largest Taxpayers.** Set forth in the following table are the persons or entities which represent the greatest assessed valuations within the City for the 2025 levy year (2026 collection year), as provided by the County assessor’s Office. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the City. The City’s mill levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the City from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the mill levies of the other taxing entities which overlap the properties.

**TABLE IX  
2025 Largest Taxpayers Within the City**

Name	Assessed Valuation <sup>1</sup>	Percent of Assessed Valuation <sup>2</sup>
Waterpark II & III LLC	\$ 8,515,800	3.53%
Bel Sheridan LLC	5,135,000	2.13
LBA NCC-Company XX LLC	4,514,940	1.87
Depaul Hampden LLC	4,168,800	1.73
CT Hampden Park LLC	3,992,490	1.66
Target Corporation	3,915,810	1.62
Costco Wholesale Corporation	3,730,320	1.55
WPC Hampden Park LLC	3,552,930	1.47
Bureaucrat Required SPE LLC	2,965,140	1.23
Oxford LLC	<u>2,945,700</u>	<u>1.22</u>
Total	<u>\$43,436,930</u>	<u>18.01%</u>

<sup>1</sup> The total 2025 assessed valuation figure of the City used in computing the above was \$241,169,435.  
Source: County Assessor’s Office

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**Overlapping Mill Levies.** Numerous entities located wholly or partially within the City are authorized to levy taxes on property located within the City. According to the County assessor’s Office, there are currently 11 entities overlapping all or a portion of the City. As a result, property owners within the City may be subject to various mill levies depending upon the location of their property. According to the County assessor’s office, the lowest total mill levy imposed in 2025 (for payment in 2026) on a taxpayer located in the City was 82.259 and the highest was 93.763. The following table is representative of a sample total 2025 mill levy (for payment in 2026) attributable to taxpayers within the City and is not intended to portray the mills levied against all properties within the City. Additional taxing entities may overlap the City in the future. See also “CITY DEBT STRUCTURE—General Obligation Debt—*Estimated Overlapping General Obligation Debt.*”

**TABLE X**  
**Sample Total 2025 Mill Levy <sup>1</sup>**

<b>Taxing Entity</b>	<b>Mill Levy</b>
Sheridan School District #2	41.947
Arapahoe County	16.959
Arapahoe Library District	5.719
Regional Transportation Authority	0.000
Sheridan Sanitation #2A	0.416
South Suburban Park and Recreation	8.800
Urban Drainage and Flood	0.900
Urban Drainage and Flood-South Platte	<u>0.100</u>
Sample Overlapping Mill Levy	73.841
The City	<u>16.634</u>
Sample Total Mill Levy	<u>91.475</u>

<sup>1</sup> One mill equals 1/10 of one cent. Mill levies certified in 2025 are for the collection of ad valorem property taxes in 2026.  
Source: County Assessor’s Office

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## Historical General Fund Financial Information

Set forth hereafter is a five-year comparative statement of revenues, expenditures, and changes in fund balances for the City’s General Fund. The following information should be read together with the City’s audited financial statements and accompanying notes appended hereto. Preceding years’ financial statements may be obtained from the sources noted in “MISCELLANEOUS—Additional Information.”

**TABLE XI**  
**History of General Fund Revenues, Expenditures and Changes in Fund Balance**

	2020	2021	2022	2023	2024
Revenues:					
Taxes	\$ 7,976,478	\$ 8,453,990	\$ 8,787,625	\$ 9,658,237	\$ 9,532,579
Licenses and Permits	427,135	412,652	443,534	401,912	428,024
Intergovernmental	843,847	95,996	1,665,543	194,697	242,637
Charges for Services	248,759	235,252	291,602	233,227	286,693
Fines and Forfeits	1,212,487	762,323	679,643	944,703	982,127
Investment Earnings	39,921	5,394	157,055	494,622	566,867
Other Income	<u>1,052,255</u>	<u>1,137,978</u>	<u>1,199,189</u>	<u>1,499,965</u>	<u>1,471,736</u>
Total Revenues	<u>11,800,882</u>	<u>11,103,585</u>	<u>13,224,191</u>	<u>13,427,363</u>	<u>13,510,663</u>
Expenditures:					
General Government	1,483,140	1,632,790	2,016,542	2,392,434	2,081,803
Public Safety	6,952,530	7,505,537	7,637,102	7,966,125	8,742,269
Public Works	892,830	825,544	1,073,830	1,075,712	1,166,477
Community Development	383,997	453,100	776,621	629,082	737,735
Non-Departmental	<u>1,247,950</u>	<u>551,010</u>	<u>588,518</u>	<u>610,665</u>	<u>666,450</u>
Total Expenditures	<u>10,960,447</u>	<u>10,967,981</u>	<u>12,092,613</u>	<u>12,674,018</u>	<u>13,394,734</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	840,435	135,604	1,131,578	753,345	115,929
Other Financing Sources (Uses)					
Transfers In	1,192,680	1,252,273	1,297,370	1,564,536	1,719,612
Transfers (Out)	(789,406)	(607,446)	(609,148)	(565,727)	(1,659,249)
Sale of Assets	--	3,255	4,244	14,590	--
Total Other Financing Sources (Uses)	<u>403,274</u>	<u>648,082</u>	<u>692,466</u>	<u>1,013,399</u>	<u>60,363</u>
Change in Fund Balance	1,243,709	783,686	1,824,044	1,766,744	176,292
Fund Balance Beginning	<u>6,940,775</u>	<u>8,184,484</u>	<u>8,968,170</u>	<u>10,792,214</u>	<u>12,558,958</u>
Fund Balance—December 31	<u>\$ 8,184,484</u>	<u>\$ 8,968,170</u>	<u>\$10,792,214</u>	<u>\$12,558,958</u>	<u>\$12,735,250</u>

Source: City Audited Financial Statements, 2020-2024, and the City

## Budget and Appropriation Procedure

As set forth in the Charter, the City Council must adopt a balanced budget on a calendar year basis. Prior to December 1 of each year, the City Manager prepares and submits to the City Council a proposed budget and accompanying message. The proposed budget provides a financial plan for all City funds and activities for at least the next fiscal year and, if Council provides by ordinance, will provide such a financial plan for the subsequent fiscal year or years.

The proposed budget will contain: an estimate of anticipated revenues classified by source; an estimate of cash available, if any, as of December 31 of the current fiscal year; proposed expenditures for the operation of the City, by fund, department, office and agency, and the methods of financing such expenditures; provisions for reserves and contingencies; proposed capital expenditures, by fund, department, office and agency, and the proposed methods of financing such expenditures; anticipated net surplus or deficit for each municipal utility system and the proposed method of its disposition; anticipated net surplus or deficit for each municipal enterprise and the proposed method of its disposition; an estimate of the amount required to be raised from an ad valorem property tax levy; a statement of the outstanding securities and other debt and payment obligations of the City, showing the debt redemption and interest requirements, the debt authorized and outstanding and the condition of sinking funds, if any; and such other information as the City Council and/or applicable law may require.

The City Council is required to hold a public hearing on the proposed City budget before its final adoption. After the public hearing, the City Council may adopt the budget as presented or amended. In amending the budget, the City Council may add or increase programs or amounts and may delete or decrease programs or amounts except those expenditures required by law, for debt service or for estimated cash deficits. Such amendments may not increase the total expenditures for the overall budget as presented at the public hearing. If such amendment does increase the total expenditures, then another public hearing is to be held prior to adoption of the budget.

The City Council must adopt the budget for the next fiscal year by ordinance on or before the final day of the current fiscal year. If it fails to do so, the amounts appropriated for current operations for the current fiscal year will be deemed to be adopted for the next fiscal year on a month-to-month basis, with all items prorated accordingly, until such time as the City Council adopts the budget.

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**Budget Summary and Comparison.** Set forth hereafter is a comparison of the City’s 2025 and 2026 General Fund budgets, as adopted, as compared to year-end 2025 unaudited and year-to-date 2026 unaudited actual figures.

**TABLE XII  
General Fund Budget Summary and Comparison <sup>1</sup>**

	<b>2025 Budget (as adopted)</b>	<b>2025 Actual Year-End (unaudited) <sup>2</sup></b>	<b>2026 Budget (as adopted)</b>	<b>2026 Actual Year-to-Date (unaudited) <sup>3</sup></b>
Beginning Fund Balance	\$12,051,005	\$12,735,249	\$12,544,915	\$12,890,887
Revenues:				
Taxes	9,412,642	9,689,976	9,413,153	791,207
Permits and Licenses	426,332	436,198	426,332	36,664
Intergovernmental	61,155	33,295	61,155	0
Charges for Services	158,453	231,475	177,423	34,742
Other	<u>4,608,997</u>	<u>4,729,829</u>	<u>4,879,766</u>	<u>284,112</u>
Total Revenues	<u>14,667,579</u>	<u>15,120,772</u>	<u>14,957,829</u>	<u>1,146,725</u>
Expenditures:				
General Government	3,126,140	3,380,174	3,321,935	317,701
Public Safety	9,269,411	9,043,751	9,531,632	758,121
Community Development	849,882	772,089	781,950	65,389
Public Works	1,428,002	1,158,741	1,314,110	140,332
Transfer to Capital	<u>3,583,689</u>	<u>610,379</u>	<u>1,302,202</u>	<u>--</u>
Total Expenditures	<u>18,257,123</u>	<u>14,965,134</u>	<u>16,251,828</u>	<u>1,281,543</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,589,543)	155,638	(1,293,999)	(134,817)
Ending Fund Balance	<u>\$ 8,461,462</u>	<u>\$12,890,887</u>	<u>\$11,250,915</u>	<u>\$12,756,070</u>

<sup>1</sup>Totals may not add due to rounding.

<sup>2</sup>Actual year-end unaudited figures through December 31, 2025.

<sup>3</sup>Actual year-to-date unaudited figures through January 31, 2026.

Sources: City 2025 and 2026 Budgets and the City Finance Department

**Management’s Discussion of Material Trends**

See the City’s audited financial statements appended hereto for the Management’s Discussion and Analysis which provides a narrative overview and analysis of the financial activities of the City for the year ended December 31, 2024.

**Retirement Plan**

The City provides pension benefits for its employees through a defined contribution plan. All employees of the City except Sworn Officers are eligible to participate in the plan. Employees are eligible to participate following completion of 12 months of service. The City’s contributions vest based on a three-year cliff vesting schedule. Forfeitures are used to reduce employer or matching contributions. There were no forfeitures during 2023. Plan assets are held at Massachusetts Mutual Life Insurance Company.

Members of the defined benefit component contributed 12% 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% annually through 2030 to a total of 13% of base salary. These increases result in a combined contribution rate of 25% of base salary in 2030. In 2024, the members of the defined benefit component and their employers contributed at a rate of 12% and 10%, respectively, of base salary for a total contribution rate of 22%. The City's contributions to the plan of the year ended December 31, 2024, were \$344,739, equal to the required contributions.

### **Deposit and Investment of City Funds**

State statutes set forth requirements for the deposit of City funds in eligible depositories and for the collateralization of such deposited funds. See also Note 3 to the City's audited financial statements appended hereto. The City also may invest available funds in accordance with applicable State statutes. The investment of the proceeds of this issue also is subject to the provisions of the Tax Code. See "TAX MATTERS."

### **Constitutional Amendment Limiting Taxes and Spending**

On November 3, 1992, Colorado voters approved an amendment to the Colorado Constitution, which is commonly referred to as the Taxpayer's Bill of Rights, or TABOR, and now constitutes Section 20 of Article X of the Colorado Constitution. TABOR imposes various limits and new requirements on the State and all State local governments which do not qualify as "enterprises" under TABOR (each of which is referred to in this Section as a "governmental unit"). Any of the following actions, for example, now requires voter approval in advance: (a) any increase in a governmental unit's spending from one year to the next in excess of the rate of inflation plus a "growth factor" based on (i) for the State, the percentage change in State population, (ii) for a school City, the percentage change in student enrollment, and (iii) for any other local government, the net percentage change in actual value of all real property from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property; (b) any increase in the real property tax revenues of a local governmental unit (not including the state) from one year to the next in excess of inflation plus the appropriate "growth factor" referred to in (a) above; (c) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, extension of an expiring tax or a tax policy change directly causing a net tax revenue gain; and (d) except for refinancing bonded indebtedness at a lower interest rate or adding new employees to existing pension plans, creation of any multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. Elections on such matters may only be held on the same day as a state general election, at the governmental unit's regular biennial election or on the first Tuesday in November of odd numbered years and must be conducted in accordance with procedures described in TABOR.

Revenue collected, kept or spent in violation of the provisions of TABOR must be refunded, with interest. TABOR requires a governmental unit to create an emergency reserve of 3% of its fiscal year spending in 1995 and subsequent years. TABOR provides that "[w]hen [a governmental unit's] annual revenue is less than annual payments on general obligation bonds, pensions, and final court judgments, the [voter approval requirement for mill levy and other tax increases referred to in clause (c) of the preceding paragraph and the voter approval requirement for spending and real property tax revenue increases referred to in clauses (a) and (b) of the preceding paragraph] shall be suspended to provide for the deficiency." The preferred interpretation of TABOR shall, by its terms, be the one that reasonably restrains most the growth of government.

**De-Brucing.** At an election held in November 2004, the City’s voters authorized the City to collect, retain and spend 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 TABOR. See Note 10 the City’s Financial Statements appended hereto.

**Risk Management**

The City Council acts to protect the City against loss and liability by maintaining certain insurance coverages. The City is insured as a member of Colorado Intergovernmental Risk Sharing Agency (“CIRSA”), a property and liability insurance pool established for State municipalities on January 1, 1982. CIRSA provides liability coverage, including errors and omissions; property coverage; and specific catastrophe coverage, which is renewable annually on January 1st. See Note 8 to the City’s Financial Statements appended hereto for a discussion of CIRSA. The City Manager believes the City’s present insurance coverage to be adequate. However, there can be no assurance that the City will continue to maintain this level of coverage.

**CITY DEBT STRUCTURE**

Pursuant to the Charter, the City may borrow money and issue securities or enter into other obligations to evidence such borrowing and may otherwise incur payment obligations in such form and manner as the City Council determines to be advantageous to the City. The following is a discussion of the City’s authority to incur general obligation indebtedness and other financial obligations and the amount of such obligations presently outstanding.

**General Obligation Debt**

**Generally.** “Debt” or “indebtedness” as used in this Official Statement means, generally, obligations backed by the City’s full faith and credit and secured by the unlimited power of the City to levy ad valorem property taxes for the payment of bonds and the interest thereon. Debt refers only to principal amounts and not to the interest to become due thereon. Debt does not include revenue obligations, debt that has been refinanced, obligations arising upon a contingency and obligations which do not extend beyond the fiscal year in which incurred. Under TABOR, this type of debt must be approved by voters and is subject to all limitations within the respective ballot measures.

**Outstanding General Obligation Debt.** Upon issuance of the Bonds and the refunding of the Refunded Bonds, the Bonds and the unrefunded Series 2016 Bonds will be the City’s only outstanding general obligation debt. The City has no authorized but unissued general obligation indebtedness.

**TABLE XIII  
Outstanding General Obligation Debt**

<b>Issue</b>	<b>Principal Amount Outstanding <sup>1</sup></b>
Unrefunded General Obligation Bonds, Series 2016	\$ 5,170,000
The Bonds	<u>19,135,000*</u>
Total	<u>\$24,305,000</u>

\* Preliminary; subject to change.

<sup>1</sup> Upon issuance of the Bonds.

**Estimated Overlapping General Obligation Debt.** Certain public entities whose boundaries may be entirely within, coterminous with, or only partially within the City are also authorized to incur general obligation debt, and to the extent that properties within the City are also within such overlapping public entities such properties will be liable for an allocable portion of such debt. For purposes of this Official Statement, the percentage of each entity’s outstanding debt chargeable to City property owners is calculated by comparing the assessed valuation of the portion overlapping the City to the total assessed valuation of the overlapping entity. To the extent the City’s assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of general obligation debt for which City property owners are responsible will also change. The following table sets forth the estimated overlapping general obligation debt chargeable to properties within the City as of the date of this Official Statement.

The City is not financially or legally obligated with regard to any of the indebtedness shown on the immediately following table. Although the City has attempted to obtain accurate information as to the outstanding debt of the entities which overlap the City, it does not warrant its completeness or accuracy as there is no central reporting entity which is responsible for compiling this information.

**TABLE XIV  
Estimated Overlapping General Obligation Debt<sup>1</sup>**

Overlapping Entity	Outstanding General Obligation Debt	% Applicable to City	Amount Applicable to City
Sheridan School City #2	\$ 6,400,000	81.41%	\$ 5,210,240
South Suburban Park & Recreation	31,910,000	81.76	26,089,616
Valley Sanitation District	2,304,276	7.16	<u>164,986</u>
Total			<u>\$31,464,842</u>

<sup>1</sup> Other entities overlap the City; however, such other entities do not currently report having any outstanding general obligation debt, and therefore are not listed in this table. See “CITY FINANCIAL INFORMATION—Ad Valorem Property Tax Data—Overlapping Mill Levies.”

Sources: County Assessor’s Office and information obtained from individual entities

### Revenue Obligations

Subject to the provisions of TABOR, the City has the authority to issue securities, and may, without any election, otherwise incur payment obligations for any public purpose payable in whole or in part from any source of revenues other than general ad valorem property taxes. As of the date of this Official Statement, the City does not have any revenue obligations.

### Other Financial Obligations

Subject to the provisions of TABOR, the City may, without any election, enter into lease-purchase and installment-purchase agreements, construction contracts, contracts for the purchase, installation or acquisition of any real or personal property for public purposes and any executory contracts or agreements and may commit to pay such obligations in whole or in part from the proceeds of general ad valorem property taxes.

**Certificates of Participation.** On June 18, 2025, the City issued certificates of participation in the aggregate principal amount of \$3,940,000 to finance the costs of energy efficiency improvements to certain City-owned facilities under an energy performance contract.

***Leases and Other Financial Obligations.*** The City Council has the authority to enter into installment or lease option contracts, subject to annual appropriation, for the purchase of property or capital equipment without prior electoral approval as described above in “—Required Elections.” The term of any such contract may not extend over a period greater than the estimated useful life of the property or equipment. The City is not currently a party to any capital leases.

## LEGAL MATTERS

### **Sovereign Immunity**

The Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S. (the “Governmental Immunity Act”), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the City, for injuries which lie in tort or could lie in tort.

The Governmental Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including the operation of a non-emergency motor vehicle owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity.

In such instances the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment.

The maximum amounts that may be recovered under the Governmental Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$387,000 for claims accruing on or after January 1, 2018 and before January 1, 2022, the sum of \$424,000 for claims accruing on or after January 1, 2022 and before January 1, 2026, or the sum of \$505,000 for claim accruing on or after January 1, 2026 and before January 1, 2030; and (b) for an injury to two or more persons in any single occurrence, the sum of \$1,093,000 for claims accruing on or after January 1, 2018, and before January 1, 2022 (except in such instance, no single person may recover in excess of \$387,000), the sum of \$1,195,000 for claims accruing on or after January 1, 2022 and before January 1, 2026 (except in such instance, no single person may recover in excess of \$424,000), or the sum of \$1,421,000 for claims accruing on or after January 1, 2026 and before January 1, 2030 (except in such instance, no single person may recover in excess of \$505,000). These amounts increase every four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index, with the first such increase occurring on January 1, 2018. The governing board of a public entity may increase any maximum amount that may be recovered from the public entity for certain types of injuries. However, a public entity may not be held liable either directly or by indemnification for punitive or exemplary damages unless the applicable entity voluntarily pays such damages in accordance with State law.

Suits against both the City and a public employee do not increase such maximum amounts which may be recovered. The City may not be held liable either directly or by indemnification for punitive or exemplary damages. In the event that the City is required to levy an ad valorem property tax to discharge a settlement or judgment, such tax may not exceed a total of 10 mills per annum for all outstanding settlements or judgments.

The City may be subject to civil liability and damages including punitive or exemplary damages and it may not be able to claim sovereign immunity for actions founded upon various federal laws, or other actions filed in federal court. Examples of such civil liability include suits filed pursuant to 42 U.S.C.

Section 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the City may be enjoined from engaging in anti-competitive practices which violate the antitrust laws. However, the Governmental Immunity Act provides that it applies to any State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

### **Pending and Threatened Litigation**

Legal counsel for the City states that as of the date hereof, to the best of counsel's knowledge, belief, and information, no litigation of any nature is now pending or threatened against the City which, if determined adversely to the City, would be expected to have a material adverse effect upon the City's ability to comply with its obligations under the Bond Ordinance.

### **Legal Representation**

Legal matters incidental to the authorization and issuance of the Bonds are subject to the approval of validity by Kutak Rock LLP, as Bond Counsel. In addition, Kutak Rock LLP has assisted the City in the preparation of, this Official Statement. Certain legal matters will be passed upon for the City by Wilson Williams Fellman Dittman, as City Attorney.

The obligations of the City under the Bond Ordinance are subject to the application of equitable principles, to the reasonable exercise in the future by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the State of Colorado, and to exercise by the United States of America of the powers delegated to it by the federal Constitution including without limitation, bankruptcy powers.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **TAX MATTERS**

### **General Matters**

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinions described above assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such covenants could cause such interest to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Bond Counsel is also of the opinion that, under existing State of Colorado statutes, the Bonds and the income therefrom are exempt from State of Colorado taxation, except inheritance, estate, and transfer taxes. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State or any other state or jurisdiction.

### **Original Issue Discount**

The Bonds that have an original yield above their respective interest rates, as shown on the cover page of this Official Statement (collectively, the “Discount Bonds”), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (excluding “qualified stated interest” within the meaning of Section 1.1273-1 of the Treasury Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

## **Original Issue Premium**

The Bonds that have an original yield below their respective interest rates, as shown on the cover page of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

## **Backup Withholding**

An owner of a Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner’s taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other “reportable payments” (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

## **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds or certificates issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

**PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.**

## MISCELLANEOUS

### **Rating**

S&P Global Ratings (“S&P”) has assigned the Bonds the rating set forth on the cover page. Such rating reflects only the view of the rating agency. Any explanations of the significance of such rating should be obtained from S&P. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency if in the judgment of the rating agency circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

### **Registration of Bonds**

Registration or qualification of the offer and sale of the Bonds (as distinguished from registration of the ownership of the Bonds) is not required under the federal Securities Act of 1933, as amended, or the Colorado Securities Act, as amended. THE CITY ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

### **Undertaking to Provide Ongoing Disclosure**

Pursuant to the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (the “Rule”), the City has agreed for the benefit of the holders of the Bonds to provide its annually audited financial statements (each, an “Audit”), as well as certain financial information and operating data (the “Annual Financial Information”) and notices of certain enumerated events to the Electronic Municipal Market Access facility (“EMMA”) operated by the Municipal Securities Rulemaking Board (“MSRB”) after the Bonds are executed and delivered. The form of the City’s Continuing Disclosure Undertaking is attached as APPENDIX A to this Official Statement.

A failure by the City to comply with the requirements of the Rule will not constitute an Event of Default under the authorizing resolution (although Bond owners will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

### **Interest of Certain Persons Named in this Official Statement**

The legal fees to be paid to Bond Counsel are contingent upon the sale and delivery of the Bonds.

### **Independent Auditors**

The City’s fiscal year 2024 financial statements were audited by The Adams Group, LLC, Certified Public Accountants, Greenwood Village, Colorado. Such audited financial statements are the most current audited financial information available for the City. The City’s 2024 audited financial statements are appended hereto.

## **Underwriting**

The Bonds are being delivered by the City to the Underwriter at an underwriting discount of \$ \_\_\_\_\_. See “THE BONDS—Use of Bond Proceeds—*Sources and Uses of Funds.*” Expenses associated with the issuance of the Bonds are being paid from proceeds of the issue. The right of the Underwriter to receive compensation in connection with this issue is contingent upon the actual sale and delivery of the Bonds. The Underwriter has initially offered the Bonds to the public at the prices or yields set forth on the cover page of this Official Statement, plus accrued interest from the dated date of the Bonds. Such prices or yields, as the case may be, may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Bonds to the public.

## **Additional Information**

Copies of constitutional provisions, statutes, resolutions, opinions, contracts, agreements, financial and statistical data, and other related reports and documents described in this Official Statement are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from the sources noted in the “INTRODUCTION.”

## **Official Statement Certification**

The preparation of this Official Statement and its distribution have been authorized by the City Council. This Official Statement is hereby duly approved by the City Council as of the date on the cover page hereof. This Official Statement is not to be construed as an agreement or contract between the City and the purchasers or holders of any Bonds.

**CITY OF SHERIDAN, COLORADO**

By  /s/ \_\_\_\_\_  
Mayor

## APPENDIX A

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this “Undertaking”) is executed and delivered, as of April \_\_, 2026, by the City of Sheridan, Colorado (the “City”), in connection with the issuance of \$19,135,000\* aggregate principal amount of General Obligation Refunding Bonds, Series 2026 (the “Bonds”). The Bonds are issued pursuant to an approving ordinance of the City finally adopted by the Council of the City prior to the date of issuance of the Bonds (the “Bond Ordinance”). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Bond Ordinance.

In consideration of the issuance of the Bonds and the purchase of such Bonds by the Owners, the City hereby covenants and agrees as follows:

**Section 1. Purpose of this Undertaking.** This Undertaking is executed and delivered by the City as of the date set forth above, for the benefit of the holders and owners (the “Bondholders”) of the Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the requirements of the Rule (as defined below).

**Section 2. Definitions.** The terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

“*Annual Financial Information*” means the financial information and operating data described in Exhibit I.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial statements as set forth in Section 4 hereof.

“*Audited Financial Statements*” means the audited financial statements of the City, prepared pursuant to the standards and as described in Exhibit I.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means, initially, the City and any successor agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent’s successors and assigns.

“*Enumerated Event*” means the occurrence of any of the events with respect to the Bonds set forth in Exhibit II.

“*Enumerated Events Disclosure*” means dissemination of a notice of an Enumerated Event as set forth in Section 5.

“*EMMA*” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

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\* Preliminary; subject to change.

“MSRB” means the Municipal Securities Rulemaking Board.

“Participating Underwriter” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Bonds.

“Prescribed Form” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Enumerated Events with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org) (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“Rule” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“State” means the State of Colorado.

**Section 3. CUSIP Number/Final Official Statement.** The final CUSIP<sup>®</sup> of the Bonds is 823653 \_\_<sup>1</sup>. The final Official Statement relating to the Bonds is dated April \_\_, 2026 (the “Final Official Statement”).

**Section 4. Annual Financial Information Disclosure.** Subject to Section 10 of this Undertaking, the City hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I) by the City’s delivery of such Annual Financial Information and Audited Financial Statements to the MSRB within 240 days immediately following the completion date of the City’s fiscal year commencing with fiscal year ending 2025.

The City is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

**Section 5. Enumerated Events Disclosure.** Subject to Section 10 of this Undertaking, the City hereby covenants that it will disseminate in a timely manner, not in excess of 10 Business Days after the occurrence of the event, Enumerated Events Disclosure to the MSRB in Prescribed Form. From and after the Effective Date, the City is required to deliver such Enumerated Events Disclosure in the same manner as provided by Section 4 of this Undertaking.

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<sup>1</sup> The City takes no responsibility for the accuracy of the CUSIP numbers, which are included solely for the convenience of owners of the Bonds.

**Section 6. Duty to Update EMMA/MSRB.** The City shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

**Section 7. Consequences of Failure of the City to Provide Information.** The City shall give notice in a timely manner, not in excess of 10 Business Days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Undertaking, the Bondholder of any Bond may seek specific performance by court order to cause the City to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an Event of Default under the Bond Ordinance or any other agreement, and the sole remedy under this Undertaking in the event of any failure of the City to comply with this Undertaking shall be an action to compel performance.

**Section 8. Amendments; Waiver.** Notwithstanding any other provision of this Undertaking, the City may amend this Undertaking, and any provision of this Undertaking may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City or type of business conducted;

(ii) This Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Bondholders of the Bonds, as determined either by parties unaffiliated with the City or the City (such as the Paying Agent) or by an approving vote of the Bondholder Representative or of the Bondholders of the Bonds holding a majority of the aggregate principal amount of the Bonds (excluding Bonds held by or on behalf of the City or its affiliates) at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

**Section 9. Termination of Undertaking.** This Undertaking of the City shall be terminated hereunder when the City shall no longer have any legal liability under the terms of the Bond Ordinance pursuant to the terms of the Bond Ordinance for any obligation on or relating to the repayment of the Bonds. The City shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

**Section 10. Dissemination Agent.** The City shall transmit all information to the MSRB as provided in this Undertaking. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

**Section 11. Additional Information.** Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of an Enumerated Event, in addition to that which is required by this Undertaking. If the City chooses to include any information from any document or notice

of occurrence of an Enumerated Event in addition to that which is specifically required by this Undertaking, the City shall not have any obligation under this Undertaking to update such information or include it in any future disclosure or notice of the occurrence of an Enumerated Event.

**Section 12. Beneficiaries.** This Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the City, the Dissemination Agent, if any, the City, the Bondholder Representative and the Bondholders of the Bonds, and shall create no rights in any other person or entity.

**Section 13. Recordkeeping.** The City shall maintain records of all Annual Financial Information Disclosure and Enumerated Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

**Section 14. Assignment.** The City shall not transfer its obligations under the Bond Ordinance unless the transferee agrees to assume all obligations of the City under this Undertaking or to execute a continuing disclosure undertaking under the Rule.

**Section 15. Governing Law.** This Undertaking shall be governed by the laws of the State.

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**EXHIBIT I**

**ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS**

“*Annual Financial Information*” means financial information and operating data exclusive of Audited Financial Statements as set forth below. All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission, and such information need not be provided in the exact format as shown in the Final Official Statement. The City shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 240 days after the last day of the City’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited Financial Statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 Business Days after availability to the City.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Undertaking, including for this purpose a change made to the fiscal year end of the City, the City will disseminate a notice to the MSRB of such change in Prescribed Form as required by such Section 4.

The Annual Financial Information shall be of the general type included in the following tables:

**History of City’s Mill Levy**

<b>Levy/Collection Year</b>	<b>General Fund</b>	<b>Bond Fund</b>	<b>Abatement Fund</b>	<b>Total Mill Levy</b>
20[ ]/20[ ]	[ ]	[ ]	[ ]	[ ]

**History of City’s Total Assessed Valuation**

<b>Levy/Collection Year</b>	<b>Gross Assessed Valuation <sup>1</sup></b>	<b>Tax Increment Valuation</b>	<b>Net Assessed Valuation</b>
20[ ]/20[ ]	\$[ ]	\$[ ]	\$[ ]

<sup>1</sup>Includes incremental assessed valuation in excess of “base” valuation in property tax increment areas from which the City does not receive property tax revenue.

### History of City's General Fund Property Tax Collections

Levy/Collection Year	General Fund Taxes Levied <sup>1</sup>	General Fund Tax Collections <sup>2</sup>	Percent of Tax Collections
20[ ]/20[ ]	\$[ ]	\$[ ]	[ ]%

<sup>1</sup> Amounts levied do not include the tax increment finance participation which is paid to the Sheridan Riverpoint URA.

<sup>2</sup> Includes current tax.

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## EXHIBIT II

### EVENTS WITH RESPECT TO THE BONDS FOR WHICH ENUMERATED EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Nonpayment-related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the City\*
13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent, if material
15. Incurrence of a Financial Obligation (as defined in Footnote 1 below) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties

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\* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

<sup>1</sup> “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into, in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF THE  
CITY AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024**

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CITY OF SHERIDAN, COLORADO  
FINANCIAL STATEMENTS  
For the Year Ended December 31, 2024

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Sheridan, Colorado

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sheridan, Colorado (the City) as of and for the year ended December 31, 2024, 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, 2024, 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, 2024, 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 Adorno Group, LLC*

Greenwood Village, Colorado  
July 30, 2025

## MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF SHERIDAN, COLORADO  
MANAGEMENT'S DISCUSSION AND 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, 2024. 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 2024 was (\$58,061,791), an increase of 11.5% from 2023. 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, 2024, the City's governmental funds reported a combined ending fund balance of \$30,435,842, an increase of 1.6% from 2023. The City has \$8,438,511 of unassigned fund balance for spending at the City's discretion.
- Unassigned fund balance of the General Fund of \$8,438,511 is 63.0% of total General Fund expenditures, a decrease of 15.4% from the prior year.
- Sales Tax revenue for the General Fund, the City's largest source of general revenue is comparable to the prior year and was \$5,502,583 for 2024 as compared to \$5,472,737 for the prior year, an increase of 0.55%.

**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.

CITY OF SHERIDAN, COLORADO  
MANAGEMENT’S DISCUSSION AND ANALYSIS

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 55 – 56 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.

CITY OF SHERIDAN, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**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 (\$58,061,791) on a combined basis at the close of 2024.

The City's net investment in capital assets (e.g. land, buildings, infrastructure, vehicles, equipment, etc.) is 37.9% 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.

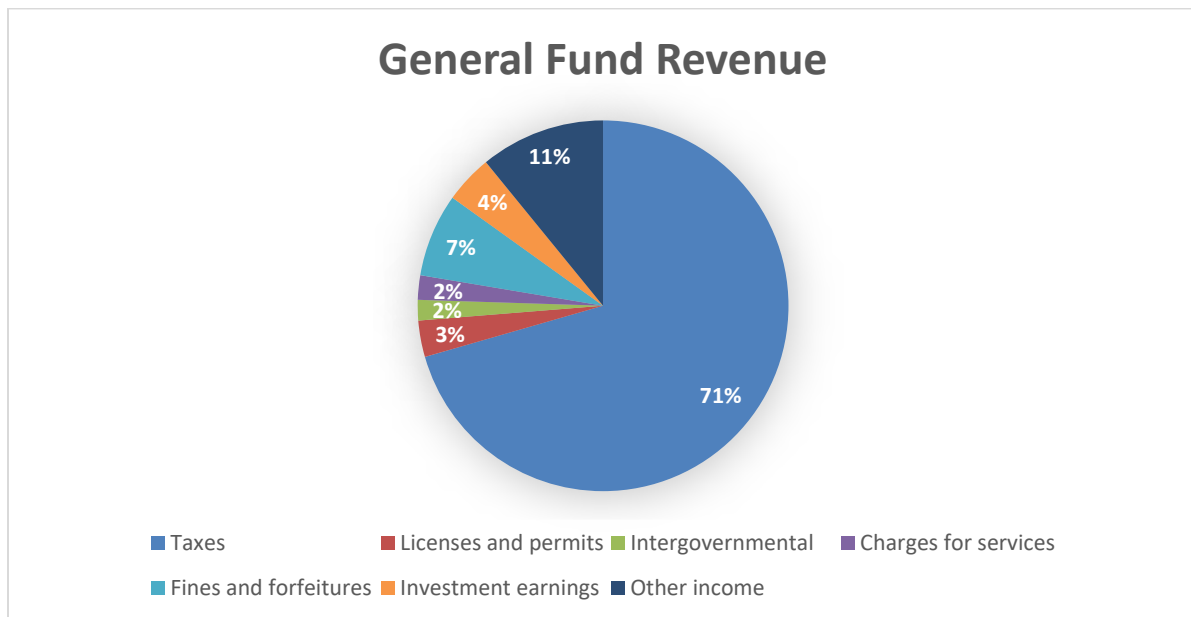
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current and other assets	\$ 38,709,618	\$ 37,736,931	\$ 72,379	\$ 9,237	\$ 38,781,997	\$ 37,746,168
Capital assets	43,340,119	44,038,736	6,096,396	6,359,956	49,436,515	50,398,692
Net pension asset	-	7,165	-	-	-	7,165
Total assets	<u>82,049,737</u>	<u>81,782,832</u>	<u>6,168,775</u>	<u>6,369,193</u>	<u>88,218,512</u>	<u>88,152,025</u>
Deferred outflows of resources	<u>5,164,687</u>	<u>6,725,642</u>	<u>-</u>	<u>-</u>	<u>381,091</u>	<u>420,994</u>
<b>Liabilities</b>						
Current liabilities	2,022,047	1,372,659	61	72	2,022,108	1,372,731
Non-current liabilities	142,564,303	151,733,469	-	-	142,564,303	151,733,469
Net pension liability	360,027	645,276	-	-	360,027	645,276
Total liabilities	<u>144,946,377</u>	<u>153,751,404</u>	<u>61</u>	<u>72</u>	<u>144,946,438</u>	<u>153,751,476</u>
Deferred inflows of resources	<u>6,498,552</u>	<u>6,695,351</u>	<u>-</u>	<u>-</u>	<u>2,206,039</u>	<u>2,359,696</u>
<b>Net position:</b>						
Net investment in capital assets	15,886,342	15,536,571	6,096,396	6,359,956	21,982,738	21,896,527
Restricted	16,694,082	16,484,833	32,575	30,897	16,726,657	16,515,730
Unrestricted	<u>(96,810,929)</u>	<u>(103,959,685)</u>	<u>39,743</u>	<u>(21,732)</u>	<u>(96,771,186)</u>	<u>(103,981,417)</u>
Total net position	<u>\$ (64,230,505)</u>	<u>\$ (71,938,281)</u>	<u>\$ 6,168,714</u>	<u>\$ 6,369,121</u>	<u>\$ (58,061,791)</u>	<u>\$ (65,569,160)</u>

Governmental activities increased the City's net position by \$7,707,776 which is a result of an increase in charges for services and decrease in expenses from 2023 to 2024.

**CITY OF SHERIDAN, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,696,844	\$ 1,579,842	\$ 149,283	\$ 132,972	\$ 1,846,127	\$ 1,712,814
Operating grants and contributions	208,538	162,988	-	-	208,538	162,988
Capital grants and contributions	977,989	1,342,622	-	-	977,989	1,342,622
General revenues:						
Taxes	21,961,279	22,536,096	-	-	21,961,279	22,536,096
Investment earnings (loss)	1,585,429	1,595,802	1,677	1,566	1,587,106	1,597,368
Other revenues	5,306,707	5,060,151	-	-	5,306,707	5,060,151
Internal balances	-	-	-	-	-	-
<b>Total revenues</b>	<b>31,736,786</b>	<b>32,277,501</b>	<b>150,960</b>	<b>134,538</b>	<b>31,887,746</b>	<b>32,412,039</b>
<b>Expenses:</b>						
General government	3,047,764	3,445,519	-	-	3,047,764	3,445,519
Public safety	8,821,613	8,212,166	-	-	8,821,613	8,212,166
Public works	2,977,031	2,927,570	-	-	2,977,031	2,927,570
Community development	738,020	628,706	-	-	738,020	628,706
Parks and open space	321,684	1,366,697	-	-	321,684	1,366,697
Redevelopment projects	150,471	17,582	-	-	150,471	17,582
Stormwater operations	-	-	345,367	332,528	345,367	332,528
Interest expense	7,972,428	7,972,365	-	-	7,972,428	7,972,365
<b>Total expenses</b>	<b>24,029,010</b>	<b>24,570,605</b>	<b>345,367</b>	<b>332,528</b>	<b>24,374,377</b>	<b>24,903,133</b>
Change in net position	7,707,776	7,706,896	(194,407)	(197,990)	7,513,369	7,508,906
Net position, January 1,	(71,938,281)	(79,645,177)	6,363,121	6,561,111	(65,575,160)	(73,084,066)
Net position, December 31,	<u>\$ (64,230,505)</u>	<u>\$ (71,938,281)</u>	<u>\$ 6,168,714</u>	<u>\$ 6,363,121</u>	<u>\$ (58,061,791)</u>	<u>\$ (65,575,160)</u>

The following chart outlines General Fund revenues for the year ended December 31, 2024:



CITY OF SHERIDAN, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS

Property taxes increased in 2024 by 28.4% which was a result of increases in assessed valuations when compared to the prior year. Sales & Use Taxes decreased by 0.55% from 2024 to 2023.

**Business-type activities**

The Storm Water Enterprise Fund had \$150,960 in revenue. Storm water also had \$345,367 in expenses. The ending net position for 2024 was \$6,168,714.

**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 2024, the City's General Fund reported an ending fund balance of \$12,735,250 an increase of \$176,292 in comparison with the previous year. The increase was a result of minor increases in revenue and increase in transfers in from other funds. Unassigned fund balance represents 66.3% or \$8,438,511 of total fund balance for the General Fund. The remainder of fund balance is nonspendable related to prepaid items (\$259,196), restricted for TABOR (\$448,000), and assigned for subsequent year budget appropriation (\$3,589,543).

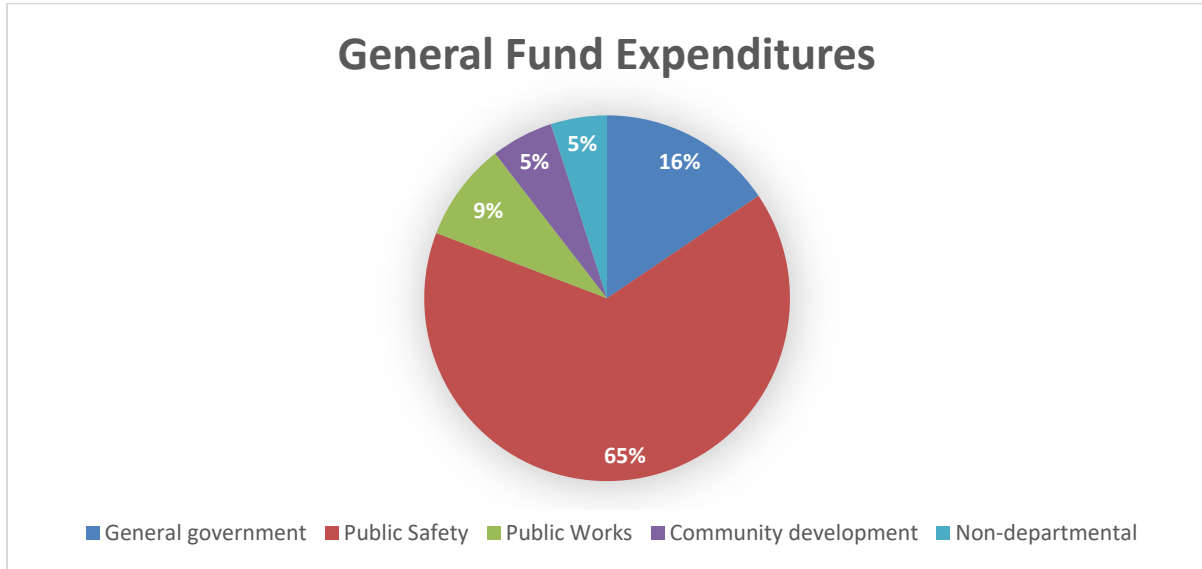
**Proprietary Funds**

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 \$32,575.

**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:

CITY OF SHERIDAN, COLORADO  
MANAGEMENT’S DISCUSSION AND ANALYSIS



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 \$15,430,011. Total General Fund expenditures were \$15,053,983 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, 2024 totaled \$43,308,709 (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 2024 \$880,000 in principal was paid for a remaining balance of \$24,515,000 for the City. For the Sheridan Redevelopment Authority, total outstanding debt is \$113,837,662, which includes accreted interest of \$30,049,361.

Compensated absences increased by \$6,457 for a total of \$349,631. 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 2024 and are expected to continue to open until the space in River Point is completely occupied.

CITY OF SHERIDAN, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS

City General Fund expenditures for 2025 are estimated at \$18,257,123 and the Sheridan Redevelopment Agency has budgeted 2025 expenditures of \$1,953,235.

**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, 2024

	Primary Government			Component Unit
	Governmental	Business-type	Total	Housing
	Activities	Activities		Authority
<u>Assets</u>				
Cash and investments	\$ 16,915,898	\$ 32,575	\$ 16,948,473	\$ 194,370
Restricted cash and investments	13,272,991	-	13,272,991	-
Accounts receivable	8,007	31,854	39,861	41,667
Taxes receivable	8,261,476	-	8,261,476	-
Prepaid items	259,196	-	259,196	-
Capital assets, not depreciated	1,328,445	-	1,328,445	-
Capital assets, net of depreciation	41,980,264	6,096,396	48,076,660	-
Leased assets	31,410	-	31,410	-
Internal balances	(7,950)	7,950	-	-
Total Assets	<u>82,049,737</u>	<u>6,168,775</u>	<u>88,218,512</u>	<u>236,037</u>
<u>Deferred Outflows of Resources</u>				
Related to pension	1,698,000	-	1,698,000	-
Deferred charge on refunding	2,543,454	-	2,543,454	-
Deferred derivative instruments	923,233	-	923,233	-
Total Deferred Outflows of Resources	<u>5,164,687</u>	<u>-</u>	<u>5,164,687</u>	<u>-</u>
<u>Liabilities</u>				
Accounts payable	1,225,055	61	1,225,116	63,012
Unearned revenues	272,123	-	272,123	-
Accrued remarketing fees	3,831	-	3,831	-
Accrued facility fees	92,114	-	92,114	-
Accrued interest payable	214,612	-	214,612	-
Other liabilities	214,312	-	214,312	51,839
<u>Noncurrent liabilities</u>				
Due within one year	6,513,019	-	6,513,019	-
Due in more than one year	135,128,051	-	135,128,051	-
Net Pension liability	360,027	-	360,027	-
Liability for derivative instruments	923,233	-	923,233	-
Total Liabilities	<u>144,946,377</u>	<u>61</u>	<u>144,946,438</u>	<u>114,851</u>
<u>Deferred Inflows of Resources</u>				
Related to pension	32,211	-	32,211	-
Unavailable revenue - property taxes	6,466,341	-	6,466,341	-
Total Deferred Inflows of Resources	<u>6,498,552</u>	<u>-</u>	<u>6,498,552</u>	<u>-</u>
<u>Net Position</u>				
Net investment in capital assets	15,886,342	6,096,396	21,982,738	-
<u>Restricted</u>				
Emergencies	448,000	-	448,000	-
Debt service	11,574,927	-	11,574,927	-
Capital projects	2,848,798	-	2,848,798	-
Open space	1,822,357	-	1,822,357	-
Stormwater	-	32,575	32,575	-
Unrestricted (deficit)	(96,810,929)	39,743	(96,771,186)	121,186
Total Net Position	<u>\$ (64,230,505)</u>	<u>\$ 6,168,714</u>	<u>\$ (58,061,791)</u>	<u>\$ 121,186</u>

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

CITY OF SHERIDAN, COLORADO  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024

	Program Revenues				Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Housing Authority
<u>Function/Programs</u>								
<u>Governmental Activities</u>								
General government	\$ 3,047,764	\$ 399,007	\$ 5,200	\$ -	\$ (2,643,557)	\$ -	\$ (2,643,557)	\$ -
Public safety	8,821,613	1,041,538	203,338	-	(7,576,737)	-	(7,576,737)	-
Public works	2,977,031	-	-	34,099	(2,942,932)	-	(2,942,932)	-
Community development	738,020	256,299	-	-	(481,721)	-	(481,721)	-
Parks and open space	321,684	-	-	943,890	622,206	-	622,206	-
Redevelopment projects	150,471	-	-	-	(150,471)	-	(150,471)	-
Interest and fiscal charges	7,972,428	-	-	-	(7,972,428)	-	(7,972,428)	-
Total Governmental Activities	<u>24,029,010</u>	<u>1,696,844</u>	<u>208,538</u>	<u>977,989</u>	<u>(21,145,639)</u>	<u>-</u>	<u>(21,145,639)</u>	<u>-</u>
<u>Business-Type Activities</u>								
Stormwater Operations	<u>345,367</u>	<u>149,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(196,084)</u>	<u>(196,084)</u>	<u>-</u>
Total Primary Government	<u>\$ 24,374,377</u>	<u>\$ 1,846,127</u>	<u>\$ 208,538</u>	<u>\$ 977,989</u>	<u>(21,145,639)</u>	<u>(196,084)</u>	<u>(21,341,723)</u>	<u>-</u>
<u>Component Unit</u>								
Housing Authority	<u>\$ 2,687,800</u>	<u>\$ -</u>	<u>\$ 2,676,148</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,652)</u>
<u>General Revenues</u>								
Property taxes					5,703,687	-	5,703,687	-
Specific ownership taxes					222,368	-	222,368	-
Sales and use taxes					14,860,129	-	14,860,129	-
Franchise taxes					410,085	-	410,085	-
Occupational privilege tax					378,945	-	378,945	-
Other taxes					386,065	-	386,065	-
Investment earnings					1,585,429	1,677	1,587,106	2,867
Other revenue					5,306,707	-	5,306,707	20,939
Total General Revenues					<u>28,853,415</u>	<u>1,677</u>	<u>28,855,092</u>	<u>23,806</u>
Change in Net Position					<u>7,707,776</u>	<u>(194,407)</u>	<u>7,513,369</u>	<u>12,154</u>
Net Position (Deficit), Beginning					<u>(71,938,281)</u>	<u>6,363,121</u>	<u>(65,575,160)</u>	<u>109,032</u>
Net Position (Deficit), Ending					<u>\$ (64,230,505)</u>	<u>\$ 6,168,714</u>	<u>\$ (58,061,791)</u>	<u>\$ 121,186</u>

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

CITY OF SHERIDAN, COLORADO  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2024

	General Fund	Sheridan Redevelopment Agency Fund	Debt Service Fund	Capital Improvements Fund	Other Governmental Fund	Totals
<u>Assets</u>						
Cash and investments	\$ 12,359,988	\$ 1,104,152	\$ 1,986,152	\$ -	\$ 1,465,606	\$ 16,915,898
Restricted cash and investments	-	9,941,648	-	3,006,923	324,420	13,272,991
Accounts receivable	8,007	-	-	-	-	8,007
Taxes receivable	1,698,582	4,625,858	1,937,036	-	-	8,261,476
Prepaid items	259,196	-	-	-	-	259,196
Due from other funds	257,350	-	-	-	57,256	314,606
Total Assets	<u>\$ 14,583,123</u>	<u>\$ 15,671,658</u>	<u>\$ 3,923,188</u>	<u>\$ 3,006,923</u>	<u>\$ 1,847,282</u>	<u>\$ 39,032,174</u>
<u>Liabilities and Fund Balances</u>						
<u>Liabilities</u>						
Accounts payable	\$ 180,658	\$ 1,044,397	\$ -	\$ -	\$ -	\$ 1,225,055
Other liabilities	214,312	-	-	-	-	214,312
Accrued facility fees	-	92,114	-	-	-	92,114
Accrued remarketing fees	-	3,831	-	-	-	3,831
Unearned revenue	234,410	37,713	-	-	-	272,123
Due to other funds	65,206	12,564	61,736	158,125	24,925	322,556
Total Liabilities	<u>694,586</u>	<u>1,190,619</u>	<u>61,736</u>	<u>158,125</u>	<u>24,925</u>	<u>2,129,991</u>
<u>Deferred Inflows of Resources</u>						
Unavailable revenue - property taxes	1,153,287	3,376,018	1,937,036	-	-	6,466,341
Total deferred inflows of resources	<u>1,153,287</u>	<u>3,376,018</u>	<u>1,937,036</u>	<u>-</u>	<u>-</u>	<u>6,466,341</u>
<u>Fund Balances</u>						
<u>Nonspendable</u>						
Prepaid items	259,196	-	-	-	-	259,196
<u>Restricted</u>						
Debt service	-	9,865,123	1,924,416	-	-	11,789,539
Capital projects	-	-	-	2,848,798	-	2,848,798
Emergencies	448,000	-	-	-	-	448,000
Parks and open space	-	-	-	-	1,822,357	1,822,357
<u>Assigned for:</u>						
Subsequent year budget appropriation	3,589,543	-	-	-	-	3,589,543
Redevelopment Authority	-	1,239,898	-	-	-	1,239,898
Unassigned	8,438,511	-	-	-	-	8,438,511
Total Fund Balances	<u>12,735,250</u>	<u>11,105,021</u>	<u>1,924,416</u>	<u>2,848,798</u>	<u>1,822,357</u>	<u>30,435,842</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,583,123</u>	<u>\$ 15,671,658</u>	<u>\$ 3,923,188</u>	<u>\$ 3,006,923</u>	<u>\$ 1,847,282</u>	<u>\$ 39,032,174</u>

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

CITY OF SHERIDAN, COLORADO  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2024

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

Fund balance - governmental funds	\$ 30,435,842
Capital assets and leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Leased assets	31,410
Capital assets, net of accumulated depreciation	43,308,709
Other noncurrent assets and deferred inflows of resources are not available to pay for current period expenditures and, therefore, are deferred in the funds	
Net pension asset	
Deferred outflows of resources - related to pensions	1,698,000
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.	
	2,543,454
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	(32,211)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Deferred derivative instruments	923,233
Bonds payable - City	(24,515,000)
Unamortized premium	(2,938,777)
Bonds payable - SRA	(83,788,301)
Accreted interest - SRA	(30,049,361)
Accrued interest	(214,612)
Liability for derivative instruments	(923,233)
Net pension liability	(360,027)
Accrued compensated absences	(349,631)
Net Position (deficit) of Governmental Activities	\$ (64,230,505)

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, 2024

	General Fund	Sheridan Redevelopment Agency Fund	Debt Service Fund	Capital Improvements Fund	Other Governmental Funds	Totals
<u>Revenues</u>						
Taxes	\$ 9,532,579	\$ 10,380,276	\$ 2,048,424	\$ -	\$ -	\$ 21,961,279
Licenses and permits	428,024	-	-	-	-	428,024
Intergovernmental	242,637	-	-	-	943,890	1,186,527
Charges for services	286,693	-	-	-	-	286,693
Fines and forfeitures	982,127	-	-	-	-	982,127
Investment earnings	566,867	643,628	136,448	156,886	86,357	1,590,186
Other income	1,471,736	3,740,360	-	-	-	5,212,096
Total Revenues	<u>13,510,663</u>	<u>14,764,264</u>	<u>2,184,872</u>	<u>156,886</u>	<u>1,030,247</u>	<u>31,646,932</u>
<u>Expenditures</u>						
General government	2,081,803	171,442	20,573	-	-	2,273,818
Public Safety	8,742,269	-	-	-	-	8,742,269
Public Works	1,166,477	-	-	-	-	1,166,477
Community development	737,735	-	-	-	-	737,735
Non-departmental	666,450	-	-	-	-	666,450
Parks, recreation and open space	-	-	-	-	7,266	7,266
Redevelopment projects	-	150,471	-	-	-	150,471
Capital outlay	-	-	-	886,984	787,338	1,674,322
Debt service						
Principal	-	10,485,000	880,000	-	-	11,365,000
Interest	-	3,290,638	1,179,275	-	-	4,469,913
Total Expenditures	<u>13,394,734</u>	<u>14,097,551</u>	<u>2,079,848</u>	<u>886,984</u>	<u>794,604</u>	<u>31,253,721</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>115,929</u>	<u>666,713</u>	<u>105,024</u>	<u>(730,098)</u>	<u>235,643</u>	<u>393,211</u>
<u>Other financing sources (uses)</u>						
Transfer in	1,719,612	-	-	1,659,249	-	3,378,861
Transfers out	(1,659,249)	(1,719,612)	-	-	-	(3,378,861)
Insurance proceeds	-	-	-	89,111	-	89,111
Sale of assets	-	-	-	5,500	-	5,500
Total Other Financing Sources (Uses)	<u>60,363</u>	<u>(1,719,612)</u>	<u>-</u>	<u>1,753,860</u>	<u>-</u>	<u>94,611</u>
Changes in Fund Balance	176,292	(1,052,899)	105,024	1,023,762	235,643	487,822
Fund Balance, Beginning	<u>12,558,958</u>	<u>12,157,920</u>	<u>1,819,392</u>	<u>1,825,036</u>	<u>1,586,714</u>	<u>29,948,020</u>
Fund Balance, Ending	<u>\$ 12,735,250</u>	<u>\$ 11,105,021</u>	<u>\$ 1,924,416</u>	<u>\$ 2,848,798</u>	<u>\$ 1,822,357</u>	<u>\$ 30,435,842</u>

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

CITY OF SHERIDAN, COLORADO  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024

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

Net changes in fund balances - governmental funds	\$	487,822
Revenues are recorded on the fund statements only if they are both measurable and available to pay for current period expenditures.		
Change in accrued interest receivable		(4,757)
Capital outlays to purchase or build capital assets are reported in governmental funds, however, for governmental activities these costs are capitalized in the statement of net assets and are allocated over their estimated useful lives as annual depreciation.		
Capital outlay		1,399,540
Depreciation expense		(2,093,830)
Amortization expense		(4,327)
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		11,365,000
Bond premium amortization		168,388
Change in accrued interest		19,489
Change in accreted interest		(3,164,885)
Some expenses reported in the statement of activities do not require or provide current financial resources and therefore are not reported as expenditures in the governmental funds		
Pension income		67,300
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		<u>(6,457)</u>
Change in Net Position of Governmental Activities	\$	<u><u>7,707,776</u></u>

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

CITY OF SHERIDAN, COLORADO  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2024

	<u>Storm Water Enterprise</u>
<u>Assets</u>	
Current Assets	
Cash and investments	\$ 32,575
Accounts receivable	31,854
Due from other funds	7,950
Total Current Assets	<u>72,379</u>
Noncurrent Assets	
Capital assets being depreciated, net	<u>6,096,396</u>
Total Noncurrent Assets	<u>6,096,396</u>
Total Assets	<u>6,168,775</u>
<u>Liabilities</u>	
Accounts payable	<u>61</u>
Total Liabilities	<u>61</u>
<u>Net Position</u>	
Net investment in capital assets	6,096,396
Restricted for:	
Stormwater	32,575
Unrestricted	39,743
Total Net Position	<u>\$ 6,168,714</u>

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, 2024

	<u>Storm Water Enterprise</u>
<u>Operating Revenues</u>	
User charges and fees	\$ 149,283
Total Operating Revenues	<u>149,283</u>
 <u>Operating Expenses</u>	
Stormwater operations	<u>345,367</u>
Total Operating Expenses	<u>345,367</u>
Operating (loss)	<u>(196,084)</u>
 Nonoperating income (expense)	
Investment income	<u>1,677</u>
Total nonoperating income (expense)	<u>1,677</u>
 Changes in Net Position	 (194,407)
 Net Position, Beginning	 <u>6,363,121</u>
 Net Position, Ending	 <u>\$ 6,168,714</u>

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

CITY OF SHERIDAN, COLORADO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED DECEMBER 31, 2024

	<u>Storm Water Enterprise</u>
Cash Flows from Operating Activities	
Cash received from tenants and others	\$ 148,296
Cash payments to employees	(46,123)
Cash payments to vendors	(43,645)
Net Cash Provided by Operating Activities	<u>58,528</u>
Cash Flows from Non-Capital Financing Activities	
Cash payments to other funds	(58,527)
Net Cash Used by Non-Capital Financing Activities	<u>(58,527)</u>
Cash Flows from Investing Activities	
Interest received	1,677
Net Cash Provided by Investing Activities	<u>1,677</u>
Net Increase in Cash and Cash Equivalents	1,678
Cash and Cash Equivalents, Beginning	<u>30,897</u>
Cash and Cash Equivalents, Ending	<u>\$ 32,575</u>
Reconciliation of net operating (loss) to net cash provided by operating activities	
Net operating (loss)	\$ (196,084)
Adjustments to reconcile net operating (loss) to net cash provided by operating activities	
Depreciation expense	263,560
Changes in assets and liabilities	
Account receivable	(987)
Internal balances	(7,950)
Account payable	(11)
Net Cash Provided by Operating Activities	<u>\$ 58,528</u>

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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, 2024, SRA reimbursed the City \$1,719,612 for expenditures. Separately issued financial statements can be obtained at the Agency offices, 4101 South Federal Boulevard, Sheridan, Colorado 80110.

Discretely Presented Component Unit

Based upon the application of these criteria, the City includes the Housing Authority of the City of Sheridan (“Housing Authority”) in its reporting entity as a discretely presented component unit.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discretely Presented Component Unit (Continued)

The Housing Authority was established to provide housing assistance to low-income persons residing in the City of Sheridan. The City Council serves as the Board of the Housing Authority.

Separately issued financial statements, including the reports related to the Housing Authority's Federal Single Audit can be obtained at the Housing Authority offices, 3460 South Sherman Street, Suite 101, Englewood, Colorado 80110.

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

*Receivables* – All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2024 management believes all receivables are collectible.

*Interfund Receivables and Payables* – During the course of operations, numerous transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *due from other funds* and *due to other funds* because they are short-term in nature. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

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

Property taxes levied in the General Fund and Debt Service Fund are included in receivables and deferred inflows at December 31, 2024. These taxes are classified as deferred inflows since they are not normally available until after the period of availability.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

*Compensated Absences* – All employees of the City are allowed to accumulate unused vacation time up to 320 hours and unused sick time up to 480 hours. Upon termination of employment from the City, an employee will be compensated for all accrued vacation time, at their current pay rate, but will forfeit any compensation for all accrued sick time. Accumulated unpaid vacation pay is accrued when earned in the government-wide and proprietary fund type financial statements. For governmental funds, there is no legal requirement to accumulate expendable available financial resources to liquidate the obligation; thus expenditures are recognized in the governmental funds when payments are made to employees. The liability is typically liquidated with resources of the same fund that has paid the applicable employee's regular salaries and fringe benefits.

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

Debt premiums, discounts and losses on debt refunding are deferred and amortized over the life of the debt using the straight-line method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

*Net Position/Fund Balances* – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. Fund balances of the governmental funds are classified as follows:

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

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

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

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

*Unassigned* – All other spendable amounts.

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Recently Adopted Accounting Pronouncements

During 2024, the City adopted GASB Statement No. 101, *Compensated Absences*. The adoption of this statement had no material impact on the City’s financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 3 - CASH AND INVESTMENTS

A summary of deposits and investments as of December 31, 2024, follows:

Petty cash	\$	1,700
Deposits		617,346
Investments		<u>18,556,618</u>
Total City Cash and Investments		<u>19,175,664</u>
Blended Component Unit:		
Sheridan Redevelopment Agency		
Cash		45,544
Investments		<u>11,000,256</u>
Total Blended Component Unit		<u>11,045,800</u>
Total Cash and Investments		<u>\$ 30,221,464</u>

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

Cash and investments	\$	16,948,473
Restricted cash and investments		<u>13,272,991</u>
Total Cash and Investments		<u>\$ 30,221,464</u>

Deposits

*Custodial Credit Risk – Deposits* - In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it.

The City’s deposit policy is in accordance with CRS 11-10.5-101 et. seq. The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds.

PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA.

The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Deposits (continued)

At December 31, 2024, the carrying amount of the City's deposits was \$619,046 and the bank balance was \$1,069,749 of which \$250,000 was covered by FDIC insurance the remaining covered by the PDPA. At December 31, 2024, all of the SRA's cash deposits were insured by federal depository insurance and are therefore not deemed to be exposed to custodial credit risk. The bank balance was \$54,984 with a carrying value of \$45,544 at December 31, 2024.

Investments

As of December 31, 2024, the City and SRA held the following investments:

Primary Government:

ColoTrust	\$ 18,105,961
CSIP	<u>450,657</u>
Total City Investments	<u>\$ 18,556,618</u>

Blended Component Unit:

Sheridan Redevelopment Agency	
ColoTrust	\$ 1,058,608
Fidelity Government Portfolio CLII	<u>9,941,648</u>
Total Blended Component Unit Investments	<u>\$ 11,000,256</u>

Credit Risk

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

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

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Credit Risk (continued)

- Guaranteed investment contracts
- Local government investment pools

*Fair Value Hierarchy* – The City and SRA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

COLOTRUST

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

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

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

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated 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.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

COLOTRUST (continued)

As of December 31, 2024, the City invested \$18,105,961 in COLOTRUST PLUS +. As of December 31, 2024, the SRA invested \$1,058,608 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, 2024, the City had \$450,657 invested in CSIP.

Fidelity Government Portfolio II

At December 31, 2024, 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, 2024, the SRA invested \$9,941,648 in the Fund.

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

Restricted Cash

At December 31, 2024, the City had the following restricted cash balances:

Primary Government:	
Capital improvements	\$ 3,006,923
Debt service reserves	7,407,500
Parks and open space	324,420
Debt repayment	<u>2,534,148</u>
	<u>\$ 13,272,991</u>

Housing Authority Cash

At December 31, 2024, the carrying amount of deposits for the Sheridan Housing Authority was \$138,913. The entire Housing Authority balance was covered by FDIC insurance. In addition, at December 31, 2024, the Housing Authority had \$55,457 invested in COLOTRUST.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024, is summarized below:

	Balances 12/31/2023	Additions	Deletions	Balances 12/31/2024
<i>Governmental Activities</i>				
Capital assets, not being depreciated				
Land	\$ 773,812	\$ -	\$ -	\$ 773,812
Construction in progress	-	554,633	-	554,633
Total capital assets, not being depreciated	<u>773,812</u>	<u>554,633</u>	<u>-</u>	<u>1,328,445</u>
Capital assets, being depreciated				
Buildings	2,606,702	47,629	-	2,654,331
Vehicles	1,941,441	276,187	(27,425)	2,190,203
Equipment	236,817	-	-	236,817
Infrastructure	55,756,545	521,091	-	56,277,636
Total capital assets, being depreciated	<u>60,541,505</u>	<u>844,907</u>	<u>(27,425)</u>	<u>61,358,987</u>
Accumulated depreciation				
Buildings	(1,611,326)	(99,112)	-	(1,710,438)
Vehicles	(1,255,148)	(215,875)	27,425	(1,443,598)
Equipment	(208,468)	(3,452)	-	(211,920)
Infrastructure	(14,237,376)	(1,775,391)	-	(16,012,767)
Total accumulated depreciation	<u>(17,312,318)</u>	<u>(2,093,830)</u>	<u>27,425</u>	<u>(19,378,723)</u>
Total capital assets, being depreciated, net	<u>43,229,187</u>	<u>(1,248,923)</u>	<u>-</u>	<u>41,980,264</u>
Governmental activities capital assets, net	<u>\$ 44,002,999</u>	<u>\$ (694,290)</u>	<u>\$ -</u>	<u>\$ 43,308,709</u>

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

Depreciation per function	
General government	\$ 106,328
Public safety	142,006
Public works	1,805,860
Parks and recreation	39,636
Total	<u>\$ 2,093,830</u>

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Balances</u> <u>12/31/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/2024</u>
<i>Governmental Activities</i>				
Leased assets, being amortized				
Vehicles	\$ 44,391	\$ -	\$ -	\$ 44,391
Total leased assets being amortized	<u>44,391</u>	<u>-</u>	<u>-</u>	<u>44,391</u>
Accumulated amortization				
Vehicles	<u>(8,654)</u>	<u>(4,327)</u>	<u>-</u>	<u>(12,981)</u>
Total accumulated amortization	<u>(8,654)</u>	<u>(4,327)</u>	<u>-</u>	<u>(12,981)</u>
Total leased assets, being amortized, net	<u>\$ 35,737</u>	<u>\$ (4,327)</u>	<u>\$ -</u>	<u>\$ 31,410</u>

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

Capital asset activity for the year ended December 31, 2024 is summarized below for business-type activities:

	<u>Balances</u> <u>12/31/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/2024</u>
<i>Business Activities</i>				
Capital assets, being depreciated				
Site Improvements	\$ 7,844,502	\$ -	\$ -	\$ 7,844,502
Accumulated depreciation	<u>(1,484,546)</u>	<u>(263,560)</u>	<u>-</u>	<u>(1,748,106)</u>
Business activities capital assets, net	<u>\$ 6,359,956</u>	<u>\$ (263,560)</u>	<u>\$ -</u>	<u>\$ 6,096,396</u>

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

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2024.

	Balances 12/31/2023	Advances	Payments	Balances 12/31/2024	Due Within One Year
General obligation bonds					
Series 2016	\$ 14,285,000	\$ -	\$ 515,000	\$ 13,770,000	\$ 540,000
Series 2016 Premium	1,535,079	-	85,282	1,449,797	85,282
Series 2017	11,110,000	-	365,000	10,745,000	380,000
Series 2017 Premium	1,572,086	-	83,106	1,488,980	83,106
Compensated absences	343,174	357,909	351,452	349,631	349,631
Total City Debt	<u>28,845,339</u>	<u>357,909</u>	<u>1,399,840</u>	<u>27,803,408</u>	<u>1,438,019</u>
Sheridan Redevelopment Agency					
2011A-1	35,945,000	-	4,185,000	31,760,000	4,455,000
2011A-2	5,010,000	-	585,000	4,425,000	620,000
2011B-1	13,769,846	-	1,755,411	12,014,435	-
2011B-1 Accreted Interest	2,724,971	250,422	524,589	2,450,804	-
2011B-2	20,768,388	-	2,642,788	18,125,600	-
2011B-2 Accreted Interest	4,095,765	376,568	792,212	3,680,121	-
2011C	17,463,266	-	-	17,463,266	-
2011C Accreted Interest	21,380,541	2,537,895	-	23,918,436	-
Total	<u>121,157,777</u>	<u>3,164,885</u>	<u>10,485,000</u>	<u>113,837,662</u>	<u>5,075,000</u>
Total Noncurrent Obligations	<u>\$ 150,003,116</u>	<u>\$ 3,522,794</u>	<u>\$ 11,884,840</u>	<u>\$ 141,641,070</u>	<u>\$ 6,513,019</u>

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

General Obligation Bonds

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Projected annual debt service requirements for the outstanding Series 2016 General Obligation Bonds at December 31, 2024, are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 540,000	\$ 598,026	\$ 1,138,026
2026	565,000	571,025	1,136,025
2027	595,000	542,776	1,137,776
2028	625,000	513,025	1,138,025
2029	655,000	481,776	1,136,776
2030 - 2034	3,815,000	1,882,380	5,697,380
2035 - 2039	4,810,000	881,078	5,691,078
2040 - 2041	2,165,000	106,112	2,271,112
Total	<u>\$ 13,770,000</u>	<u>\$ 5,576,198</u>	<u>\$ 19,346,198</u>

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

Projected annual debt service requirements for the outstanding Series 2017 General Obligation Bonds at December 31, 2024, are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 380,000	\$ 537,250	\$ 1,138,775
2026	400,000	518,250	1,136,525
2027	420,000	498,250	1,138,275
2028	440,000	477,250	1,138,775
2029	465,000	455,250	1,138,775
2030 - 2034	2,700,000	1,903,250	5,686,625
2035 - 2039	3,435,000	1,158,250	5,697,375
2040 - 2042	2,505,000	254,500	5,691,075
Total	<u>\$ 10,745,000</u>	<u>\$ 5,802,250</u>	<u>\$ 22,766,200</u>

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Variable Rate Tax Increment Refunding Revenue Bonds Series 2011A

On April 28, 2011, the SRA issued \$65,000,000 and \$9,075,000 of Variable Rate Tax Increment Revenue Bonds Series 2011A-1 and Series 2011A-2 Bonds (collectively the Series 2011A Bonds). Bond proceeds were used for the purpose of refunding the SRA's Series 2007A-1 and Series 2007A-2 bonds, funding a bond reserve and paying the fees and expenses of issuing the bonds. The Series 2011A Bonds will initially bear interest based on the weekly rate which will be adjusted each Thursday and is payable on the first day of each month and shall be equal to the rate as set by the remarketing agent. The Series 2011A-1 Bonds are subject to optional and mandatory sinking fund redemption and mandatory purchase.

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

The principal, interest on, and purchase price of the Series 2011A-1 and Series 2011A-2 Bonds will be payable by the Trustee under separate irrevocable, direct pay letters of credit issued by JPMorgan Chase Bank, N.A. The letters of credit allow the Trustee to draw up to an amount sufficient to pay the principal of the Series 2011A Bonds when due and up to 34 days' interest on the Series 2011A-1 and Series 2011A-2 Bonds at a maximum interest rate of 12% per annum. The letters of credit were issued pursuant to a reimbursement agreement between the SRA and JPMorgan Chase Bank, N.A., which obligates the SRA to reimburse the bank for draws and to pay certain fees and expenses.

During the year ended December 31, 2024, amounts borrowed and repaid under the letters of credit totaled \$6,264,313.

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, 2024, the Series 2011A Bonds Reserve Fund is fully funded.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

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

At December 31, 2024, 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, 2024, are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,455,000	\$ 1,257,696	\$ 5,712,696
2026	4,735,000	1,081,278	5,816,278
2027	5,035,000	893,772	5,928,772
2028	5,350,000	696,288	6,046,288
2029	12,185,000	482,526	12,667,526
Total	<u>\$ 31,760,000</u>	<u>\$ 4,411,560</u>	<u>\$ 36,171,560</u>

Projected annual debt service requirements for the outstanding Series 2011A-2 Bonds at December 31, 2024, are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 620,000	\$ 233,198	\$ 853,198
2026	660,000	200,524	860,524
2027	700,000	165,742	865,742
2028	745,000	129,205	874,205
2029	1,700,000	89,590	1,789,590
Total	<u>\$ 4,425,000</u>	<u>\$ 818,259</u>	<u>\$ 5,243,259</u>

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

Subordinate Tax Increment Refunding Revenue Bonds Series 2011B

On April 28, 2011, the SRA issued \$23,039,349 and \$34,705,443 of Series 2011B-1 Bonds and Series 2011B-2 Bonds (collectively the Series 2011B Bonds). This was a private placement with Weingarten Realty Investors. Bond proceeds were used for the purpose of refunding the SRA's Series 2007A-1, Series 2007A-2 Bonds, and Series 2007 B Bonds and paying the fees and expenses of issuing the bonds. The Series 2011B Bonds do not bear interest and mature on December 15, 2039. Failure to pay the full maturity amount of any sinking fund payment is not an Event of Default under the Indenture. Any unpaid Series 2011B Bond amounts still outstanding after maturity on December 15, 2039 will be defeased. Payments on the Series 2011B Bonds are subordinated to the payment of current principal and interest on the Series 2011A Bonds. The bonds accrete interest at a rate of 1.419%. The Series 2011B-1 Bonds are subject to optional and mandatory sinking fund redemption and mandatory purchase.

Mandatory sinking fund redemptions began in 2011 in the amount of \$305,000 and increase annually through December 2039 to \$1,510,000. The Series 2011B-2 Bonds are also subject to optional and mandatory sinking fund redemption and mandatory purchase. Mandatory sinking fund redemptions began in 2011 in the amount of \$465,000 and increase annually through December 2039 to \$2,280,000.

The 2011B Bonds can be optionally redeemed on any date after the Series 2011A Bonds are no longer outstanding from any Pledged Incremental Tax Revenues and on any December 15 from the Debt Service Public Improvement Fee or the SRA Public Improvement Fee, at a redemption price equal to the maturity value, subject to the following provisions.

No payment will be made on the Series 2011B Bonds until (a) the Series 2011A's Reserve Fund contains an amount equal to the reserve requirement, (b) the Series 2011A Bond Payment Fund contains an amount equal to the sum of (i) three months of interest on the Series 2011A Bonds and (ii) one-fourth of the principal due on the Series 2011A Bonds in the next calendar year; (c) all Agency Bond Fees and Bank Fees then due have been paid, (d) all amounts due and payable under the Bank Reimbursement Agreement, or any Interest Rate Exchange Agreement have been paid, and (vii) no Event of Default under the Indenture has occurred and is continuing.

Any sinking fund amounts not paid in the current year, no longer accrete interest, and become due and payable in the subsequent period. As of December 31, 2024, there were no past due sinking fund requirements.

Projected annual debt service requirements for the outstanding Series 2011B-1 Bonds at December 31, 2024, are as follows:

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

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

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ -	\$ -
2026	-	-	-
2027	-	-	-
2028	549,403	180,567	729,970
2029	634,268	185,732	820,000
2030 - 2034	5,608,123	2,001,877	7,610,000
2035 - 2039	5,222,641	2,327,359	7,550,000
Total	<u>\$ 12,014,435</u>	<u>\$ 4,695,535</u>	<u>\$ 16,709,970</u>

Projected annual debt service requirements for the outstanding Series 2011B-2 Bonds at December 31, 2024, are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ -	\$ -
2026	-	-	-
2027	-	-	-
2028	931,903	273,098	1,205,001
2029	953,324	286,676	1,240,000
2030 - 2034	8,358,482	2,981,518	11,340,000
2035 - 2039	7,881,891	3,518,109	11,400,000
Total	<u>\$ 18,125,600</u>	<u>\$ 7,059,401</u>	<u>\$ 25,185,001</u>

Series 2011C Note Payable

On April 28, 2011, the SRA refinanced \$13,139,024 of Series 2007C Notes and \$2,243,698 of interest by issuing 73 promissory 2011C Notes totaling \$17,463,266. The notes are owed to the Developer.

The notes accrete interest at an annual rate of 6.533%. Payments of principal and interest begin in December 2034 in the amount of \$1,525,000 and increase annually through December 2106 to \$26,420,000. These notes are payable from public improvement fee revenues. Payments of principal and interest on the notes are subordinate to the payment of the Series 2011A Bonds and the Series 2011B Bonds.

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

Series 2011C Note Payable (continued)

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

Deferred Loss on Refunding

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

Compensated Absences

Compensated absences are expected to be liquidated with revenues of the General Fund. During the year ended December 31, 2024, the change in compensated absences was allocated to the following functions on the statement of activities.

Compensated absences by function	
General govt	\$ 1,168
Public safety	4,638
Public works	367
Community development	285
Total	<u>\$ 6,457</u>

NOTE 6 - DERIVATIVE INSTRUMENTS

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

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

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

Net settlement payments are due to the counterparty on a monthly basis. During the year ended December 31, 2024, the SRA paid the counterparty approximately \$134,300 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, 2024, the fair value of this contract is estimated to be a negative \$923,233 (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, 2024.

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

Interest Rate Risk

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

Basis Risk

The SRA is exposed to basis risk because the variable rate payments received on these derivative instruments are based on a rate or index other than interest rates the SRA pays on its hedged variable-rate debt (Series 2011 A-1 and A-2 Bonds), which is remarketed every 7 days. As of December 31, 2024, the weighted average interest rate on the SRA's hedged variable-rate debt was 3.8 percent, while the seven-day USD-SIFMA swap index rate was approximately 3.2 percent and the one-month SOFR was approximately 4.5 percent.

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

Termination Risk

The counterparty may terminate this contract if the SRA fails to perform under the contract or credit support agreement. In addition, the swap may automatically terminate due to cross default or other provisions included in the contract. If the derivative instruments is in a liability position at the time of termination, the SRA would be liable for a payment equal to the liability, adjusted for netting arrangements.

Rollover Risk

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

NOTE 7 - 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.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
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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 \$626.19. In addition, firefighters receive \$31.31 per month for each year of service exceeding 20 years. Any firefighter who has completed ten to twenty years of active service shall be eligible for a benefit of \$31.31 for each year served.

The Volunteer Plan also provides for a lump-sum burial benefit in the amount of \$1,135.58 upon the death of a retired firefighter. Spouses of deceased firefighters receive benefits equal to one-half those of a firefighter. Benefits are determined by the Volunteer Firefighter Pension Board and ratified by the City Council.

At December 31, 2024, the following members were covered by the benefit terms:

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

*Contributions* – Contributions are determined by the FPPA actuary, using the entry age normal cost method as of January 1, 2023. Contributions into the pension fund are derived from two sources: contributions directly from the City and contributions from the State based on assessed property values and other formulas. For the year ended December 31, 2024 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, 2024, the City reported a net pension liability of \$360,027. The net pension liability was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2023. Standard update procedures were used to roll forward the total pension liability to December 31, 2024.

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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, 2024, the City recognized pension income of \$40,824. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	\$ 11,947	\$ -
Contributions Subsequent to the Measurement Date	50,000	-
Total	<u>\$ 61,947</u>	<u>\$ -</u>

\$50,000 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year December 31, 2025.

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

<u>Year Ended December 31,</u>	<u>Amount</u>
2025	\$ 2,124
2026	3,735
2027	7,223
2028	(1,135)
Total	<u>\$ 11,947</u>

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 7 - PENSION PLANS (CONTINUED)

Actuarial Assumptions

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

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

Mortality rates were based on the following:

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

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

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Cash	1.00%	4.32%
Fixed Income - Rates	10.00%	5.35%
Fixed Income - Credit	5.00%	5.89%
Absolute Return	9.00%	6.39%
Long Short	6.00%	7.27%
Global Equity	35.00%	8.33%
Private Markets	34.00%	10.31%
Total	<u>100.00%</u>	

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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 7.00 percent; the municipal bond rate is 3.77 percent (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liabilities
<u>Volunteer Plan</u>	<u>[a]</u>	<u>[b]</u>	<u>[a]-[b]</u>
Balance, December 31, 2023	\$ 628,322	\$ 222,867	\$ 405,455
Changes for the year:			
Interest	41,513	-	41,513
Net investment income	-	21,081	(21,081)
Contributions - employer	-	50,000	(50,000)
Benefit payments including refunds of employee contributions	(71,761)	(71,761)	-
Administrative expense	-	(7,334)	7,334
State of Colorado supplemental discretionary payment	-	23,194	(23,194)
Net changes	(30,248)	15,180	(45,428)
Balance, December 31, 2024	<u>\$ 598,074</u>	<u>\$ 238,047</u>	<u>\$ 360,027</u>

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

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

	Current		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the Net Pension Liability (Asset)	<u>\$ 405,974</u>	<u>\$ 360,027</u>	<u>\$ 320,164</u>

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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](http://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.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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 2024, the members of the defined benefit component and their employers contributed at a rate of 12.0 percent and 10.0 percent, respectively, of base salary for a total contribution rate of 22.0 percent. The City's contributions to the plan of the year ended December 31, 2024, were \$344,739, 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.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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, 2024, 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. 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, 2023, the City's proportion was 0.2405 percent which was a decrease of 0.0296 percent from its proportion measured at December 31, 2022.

For the year ended December 31, 2024, the City recognized pension income of \$14,648. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 458,122	\$ 22,011
Changes of Assumptions or other Inputs	265,729	-
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	328,890	-
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
of Contributions	238,573	10,200
Contributions Subsequent to the Measurement Date	<u>344,739</u>	<u>-</u>
Total	<u>\$ 1,636,053</u>	<u>\$ 32,211</u>

\$344,739 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 7 - PENSION PLANS (CONTINUED)

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

<u>Year Ended December 31,</u>	<u>Amount</u>
2025	\$ 213,948
2026	299,219
2027	411,705
2028	82,943
2029	91,723
Thereafter	159,565
Total	<u>\$ 1,259,103</u>

Actuarial Assumptions

The actuarial valuations as of January 1, 2024, determined the total pension liability using the following actuarial assumptions and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial Valuation Date	January 1, 2024	January 1, 2023
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 years
Long-term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for 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.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	35 %	8.33 %
Equity Long/Short	6 %	7.27
Private Markets	34 %	10.31
Fixed Income - Rates	10 %	5.35
Fixed Income - Credit	5 %	5.89
Absolute Return	9 %	6.39
Cash	1 %	4.32
Total	<u>100 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 7 - PENSION PLANS (CONTINUED)

Discount Rate (continued)

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, 2023, 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 3.77 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.

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:

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 7 - PENSION PLANS (CONTINUED)

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 1,348,881</u>	<u>\$ -</u>	<u>\$ -</u>

Pension Plan Fiduciary Net Position

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

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.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any members of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. The City’s claims have not exceeded coverage in any of the past three fiscal years.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 8 - RISK MANAGEMENT (CONTINUED)

During 2013, the City entered into a level funding policy for its health insurance with a third-party insurance company. The Colorado Division of Insurance considers this to be a self-funded medical plan. The City is responsible for the first \$20,000 of claims for each covered individual. The City funds claims by paying the maximum monthly claim liability as defined by the policy. At the end of the plan year, December 31, if the maximum monthly claim liability exceeds the amount of actual claims paid, that surplus (minus adjustments for the terminal fund account) is divided 50% to the insurance company and the City receives a credit on the following year's premiums for 50% of the surplus. If the amount of actual claims paid exceeds the maximum monthly claim liability the City has no additional liability to the insurance company. For the policy year ended December 31, 2024 the City will receive a credit related to the 2022 premium of \$8,937. If the contract were to terminate the City is responsible to pay a terminal attachment factor to cover the incurred but not reported claims at that date.

Management believes that terminal attachment factor is fully funded as the Terminal Fund on Account with the insurance company is \$62,010 at December 31, 2024. For the year ended December 31, 2024, the City's maximum monthly claim liability totaled \$659,137. Claims paid against this amount totaled \$507,149.

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.

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

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

TABOR Amendment (continued)

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2024, the emergency reserve of \$448,000 was recorded as restricted fund balance in the General Fund.

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

Environmental Remediation – SRA

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

The developer submitted a voluntary cleanup plan application (the “plan”) for the site to the Colorado Department of Public Health and Environment (the CDPHE”). The plan contained several sub-plans that addressed materials removal, vapor intrusion and accumulation issues, and operations. The plan and related modifications have been approved by CDPHE. While some municipal waste material was excavated and disposed of off-site, municipal waste and other waste materials and contaminants remain on-site. Every owner, tenant, or occupant, within the mitigated zone, is required to design and construct a vapor intrusion mitigation system to address concerns related to methane gas produced by the remaining decomposing material. In addition, the plan did not address remediation of groundwater contamination existing on the site. The developer anticipates that the remediation efforts will take several years and will require additional CDPHE extensions to the plan.

The developer and related entities have jointly and severally agreed to indemnify the owners of the Series 2011A Bonds, through the Trustee, from certain losses that might be incurred as a result of claims arising under certain environmental laws.

The SRA is unaware of any contingent liabilities arising from environmental remediation costs as of December 31, 2024.

CITY OF SHERIDAN, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Environmental Remediation – SRA (continued)

In addition, the developer has obtained two environmental insurance policies covering potential liabilities associated with the development of the site, including a Pollution Legal Liability policy in the amount of \$40 million and a Contractor’s Pollution Liability policy in the amount of \$10 million.

Employment Contracts

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

NOTE 10 - NET POSITION

At December 31, 2024, 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, 2024 are expected to be repaid within one year. In addition, during the year ended December 31, 2024, the Sheridan Redevelopment Agency transferred \$1,719,612 to the General Fund as reimbursement for services provided by the City to the SRA. In addition, the General Fund transferred \$1,659,249 to the Capital Improvements Fund for its operations.

NOTE 12 - SUBSEQUENT EVENT

Subsequent to December 31, 2024, the City issued Series 2025, Certificates of Participation in the amount of \$3,940,000. The issuance includes an issue premium of \$194,055 and a maturity date of fiscal year 2040. The City will make principal payments on December 1<sup>st</sup> of each year and semi-annual interest payments on June 1<sup>st</sup> and December 1<sup>st</sup> of each fiscal year commencing on June 1, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHERIDAN, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2024  
With Comparative Totals for Year Ended December 31, 2023

	2024		Variance With Final Budget	2023
	Original and Final Budget	Actual		Actual
<u>Revenues</u>				
Taxes	\$ 9,243,961	\$ 9,532,579	\$ 288,618	\$ 9,658,237
Licenses	419,690	428,024	8,334	401,912
Intergovernmental	61,155	242,637	181,482	194,697
Charges for services	189,156	286,693	97,537	233,227
Fines and forfeitures	866,152	982,127	115,975	944,703
Investment earnings	150,000	566,867	416,867	494,622
Other income	3,076,333	1,471,736	(1,604,597)	1,499,965
Total Revenues	<u>14,006,447</u>	<u>13,510,663</u>	<u>(495,784)</u>	<u>13,427,363</u>
<u>Expenditures</u>				
General Government				
General government	1,050,212	1,196,812	(146,600)	1,500,907
City clerk	229,130	238,174	(9,044)	231,867
Victims advocate	166,280	88,168	78,112	130,768
Municipal court	335,821	337,662	(1,841)	298,204
Legislative	297,613	220,987	76,626	230,688
Total General Government	<u>2,079,056</u>	<u>2,081,803</u>	<u>(2,747)</u>	<u>2,392,434</u>
Public Safety				
Police	6,092,302	6,388,865	(296,563)	5,518,581
Fire	2,400,697	2,353,404	47,293	2,447,544
Total Public Safety	<u>8,492,999</u>	<u>8,742,269</u>	<u>(249,270)</u>	<u>7,966,125</u>
Public works				
Community Development	1,341,394	1,166,477	174,917	1,075,712
Non-Departmental	665,659	737,735	(72,076)	629,082
Debt Service	633,337	666,450	(33,113)	610,665
Debt Service	201,600	-	201,600	-
Total Expenditures	<u>13,414,045</u>	<u>13,394,734</u>	<u>19,311</u>	<u>12,674,018</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>592,402</u>	<u>115,929</u>	<u>(476,473)</u>	<u>753,345</u>
Other financing sources (uses)				
Transfer in	-	1,719,612	1,719,612	1,564,536
Transfer out	(2,015,966)	(1,659,249)	356,717	(565,727)
Sale of Assets	-	-	-	14,590
Total Other Financing Sources (Uses)	<u>(2,015,966)</u>	<u>60,363</u>	<u>2,076,329</u>	<u>1,013,399</u>
Changes in Fund Balance	<u>\$ (1,423,564)</u>	176,292	<u>\$ 1,599,856</u>	1,766,744
Fund Balance, Beginning		<u>12,558,958</u>		<u>10,792,214</u>
Fund Balance, Ending		<u>\$ 12,735,250</u>		<u>\$ 12,558,958</u>

See accompanying Independent Auditors' Report

CITY OF SHERIDAN, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
SHERIDAN REDEVELOPMENT AGENCY FUND  
YEAR ENDED DECEMBER 31, 2024  
With Comparative Totals for Year Ended December 31, 2023

	2024				2023
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
<u>Revenues</u>					
Property tax increment revenue	\$ 3,800,308	\$ 3,217,454	\$ 2,607,407	\$ (610,047)	\$ 3,334,298
Sales tax increment revenue	7,102,604	7,745,951	7,772,869	26,918	7,398,910
Public Improvement Fees	3,388,444	3,694,256	3,740,360	46,104	3,451,436
Investment earnings	440,000	701,004	643,628	(57,376)	755,218
Total Revenue	<u>14,731,356</u>	<u>15,358,665</u>	<u>14,764,264</u>	<u>(594,401)</u>	<u>14,939,862</u>
<u>Expenditures</u>					
General government	1,771,491	1,881,523	171,442	1,710,081	318,815
Redevelopment projects	151,399	152,898	150,471	2,427	17,582
Debt service	12,809,840	13,734,594	13,775,638	(41,044)	12,814,055
Contingency	70,000	70,000	-	70,000	-
Total Expenditures	<u>14,802,730</u>	<u>15,839,015</u>	<u>14,097,551</u>	<u>1,741,464</u>	<u>13,150,452</u>
Excess (deficiency) of revenues over (under ) expenditures	<u>(71,374)</u>	<u>(480,350)</u>	<u>666,713</u>	<u>1,147,063</u>	<u>1,789,410</u>
<u>Other Financing Sources (Uses)</u>					
Transfers out	-	-	(1,719,612)	(1,719,612)	(1,564,536)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,719,612)</u>	<u>(1,719,612)</u>	<u>(1,564,536)</u>
Changes in Fund Balance	<u>\$ (71,374)</u>	<u>\$ (480,350)</u>	<u>(1,052,899)</u>	<u>\$ (572,549)</u>	<u>224,874</u>
Fund Balance, Beginning			<u>12,157,920</u>		<u>11,933,046</u>
Fund Balance, Ending			<u>\$ 11,105,021</u>		<u>\$ 12,157,920</u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Total Pension Liability</u>										
Interest	\$ 41,513	\$ 43,772	\$ 46,248	\$ 52,368	\$ 55,274	\$ 57,589	\$ 60,637	\$ 57,408	\$ 60,574	\$ 61,997
Benefit changes	-	-	-	25,204	-	42,925	-	43,504	-	27,371
Difference between expected and actual experience of the Total Pension Liability	-	(4,994)	-	(75,921)	-	2,778	-	3,968	-	(4,472)
Changes in assumptions	-	2,452	-	-	-	20,467	-	41,202	-	-
Benefit payments	(71,761)	(75,165)	(87,871)	(90,232)	(103,141)	(100,746)	(101,796)	(104,220)	(101,394)	(106,251)
Net changes	(30,248)	(33,935)	(41,623)	(88,581)	(47,867)	23,013	(41,159)	41,862	(40,820)	(21,355)
Total pension liability-beginning	628,322	662,257	703,880	792,461	840,328	817,315	858,474	816,612	857,432	878,787
Total pension liability-ending	<u>\$ 598,074</u>	<u>\$ 628,322</u>	<u>\$ 662,257</u>	<u>\$ 703,880</u>	<u>\$ 792,461</u>	<u>\$ 840,328</u>	<u>\$ 817,315</u>	<u>\$ 858,474</u>	<u>\$ 816,612</u>	<u>\$ 857,432</u>
<u>Plan Fiduciary Net Position</u>										
Contributions - employer	\$ 50,000	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 47,000	\$ 44,000	\$ 41,000	\$ 38,000	\$ 35,000
Net investment income	21,081	(22,613)	36,759	26,964	34,516	787	39,305	14,952	6,779	23,640
Benefit payments	(71,761)	(75,165)	(87,871)	(90,232)	(103,141)	(100,746)	(101,796)	(104,220)	(101,394)	(106,251)
Pension plan administrative expense	(7,334)	(4,528)	(6,332)	(4,072)	(6,232)	(4,518)	(5,885)	(740)	(2,822)	(936)
State of colorado supplemental discretionary payment	23,194	23,194	23,194	23,194	23,194	23,194	23,194	23,194	23,194	23,194
Net changes	15,180	(79,112)	15,750	5,854	(1,663)	(34,283)	(1,182)	(25,814)	(36,243)	(25,353)
Plan fiduciary net position - beginning	222,867	301,979	286,229	280,375	282,038	316,321	317,503	343,317	379,560	404,913
Plan fiduciary net position - ending	<u>\$ 238,047</u>	<u>\$ 222,867</u>	<u>\$ 301,979</u>	<u>\$ 286,229</u>	<u>\$ 280,375</u>	<u>\$ 282,038</u>	<u>\$ 316,321</u>	<u>\$ 317,503</u>	<u>\$ 343,317</u>	<u>\$ 379,560</u>
Net pension liability - ending	<u>\$ 360,027</u>	<u>\$ 405,455</u>	<u>\$ 360,278</u>	<u>\$ 417,651</u>	<u>\$ 512,086</u>	<u>\$ 558,290</u>	<u>\$ 500,994</u>	<u>\$ 540,971</u>	<u>\$ 473,295</u>	<u>\$ 477,872</u>
Plan fiduciary net position as a percentage of total pension liability	39.80%	35.47%	45.60%	40.66%	35.38%	33.56%	38.70%	36.98%	42.04%	44.27%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	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

See accompanying Independent Auditors' Report

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 48,910	\$ 48,910	\$ 63,846	\$ 63,846	\$ 66,102	\$ 66,102	\$ 46,984	\$ 46,984	\$ 45,879	\$ 45,879
Actual contribution*	<u>73,194</u>	<u>73,194</u>	<u>73,194</u>	<u>73,194</u>	<u>73,194</u>	<u>73,194</u>	<u>70,194</u>	<u>67,194</u>	<u>64,194</u>	<u>61,194</u>
Contribution deficiency (excess)	<u>\$ (24,284)</u>	<u>\$ (24,284)</u>	<u>\$ (9,348)</u>	<u>\$ (9,348)</u>	<u>\$ (7,092)</u>	<u>\$ (7,092)</u>	<u>\$ (23,210)</u>	<u>\$ (20,210)</u>	<u>\$ (18,315)</u>	<u>\$ (15,315)</u>
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.

See accompanying Independent Auditors' Report

CITY OF SHERIDAN, COLORADO  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY – STATEWIDE  
RETIREMENT PLAN

Fiscal year ending December 31,	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement period ending December 31,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion (percentage) of the collective net pension liability	0.2406%	0.2702%	0.2977%	0.3050%	0.3078%	0.3008%	0.0329%	0.3516%	0.3457%	0.3436%
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)	\$ (387,777)
Covered payroll	\$ 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	\$ 1,545,175
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.0%	8.9%	(60.2%)	(22.5%)	(7.2%)	18.9%	(24.6%)	7.0%	(0.4%)	(25.1%)
Plan fiduciary net pension as a percentage of the total pension liability (asset)	100.0%	97.6%	116.2%	106.7%	101.9%	95.2%	106.3%	98.2%	100.1%	106.8%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 344,739	\$ 222,606	\$ 225,891	\$ 209,025	\$ 235,690	\$ 194,282	\$ 161,210	\$ 153,871	\$ 144,619	\$ 134,533
Contributions in relation to the statutorily required contributions	<u>344,739</u>	<u>222,606</u>	<u>225,891</u>	<u>209,025</u>	<u>235,690</u>	<u>194,282</u>	<u>161,210</u>	<u>153,871</u>	<u>144,619</u>	<u>134,533</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll - SWDB	\$ 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	\$ 1,681,663
Covered payroll - SWDB Reentry	<u>392,174</u>	<u>296,057</u>	<u>375,896</u>	<u>467,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,447,392</u>	<u>\$ 2,483,455</u>	<u>\$ 2,687,410</u>	<u>\$ 2,679,114</u>	<u>\$ 2,946,126</u>	<u>\$ 2,428,527</u>	<u>\$ 2,015,125</u>	<u>\$ 1,923,388</u>	<u>\$ 1,807,735</u>	<u>\$ 1,681,663</u>
Contribution as a percentage of covered payroll - SWDB Plan	10.0%	9.5%	9.0%	8.5%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Contribution as a percentage of covered payroll - SWDB Rentry	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, 2024  
With Comparative Totals for December 31, 2023

	<u>Special Revenue Funds</u>		<u>Total</u>	
	<u>Conservation</u>	<u>Arapahoe</u>		
	<u>Trust</u>	<u>County Open</u>	<u>2024</u>	<u>2023</u>
	<u>Fund</u>	<u>Space</u>		
		<u>Fund</u>		
<u>Assets</u>				
Cash and investments	\$ -	\$ 1,465,606	\$ 1,465,606	\$ 1,656,046
Restricted cash and investments	324,420	-	324,420	272,423
Due from other funds	-	57,256	57,256	-
Total Assets	<u>\$ 324,420</u>	<u>\$ 1,522,862</u>	<u>\$ 1,847,282</u>	<u>\$ 1,928,469</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ 162,500
Due to other funds	24,925	-	24,925	179,255
Total Liabilities	<u>24,925</u>	<u>-</u>	<u>24,925</u>	<u>341,755</u>
<u>Fund Balances</u>				
Restricted for:				
Parks and open space	299,495	1,522,862	1,822,357	1,586,714
Total Fund Balances	<u>299,495</u>	<u>1,522,862</u>	<u>1,822,357</u>	<u>1,586,714</u>
Total Liabilities and Fund Balances	<u>\$ 324,420</u>	<u>\$ 1,522,862</u>	<u>\$ 1,847,282</u>	<u>\$ 1,928,469</u>

See the accompanying Independent Auditors' Report

CITY OF SHERIDAN, COLORADO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2024  
With Comparative Totals for Year Ended December 31, 2023

	<u>Special Revenue Funds</u>		<u>Total</u>	
	<u>Conservation</u>	<u>Arapahoe</u>		
	<u>Trust</u>	<u>County Open</u>	<u>2024</u>	<u>2023</u>
	<u>Fund</u>	<u>Space</u>		
		<u>Fund</u>		
<u>Revenues</u>				
Intergovernmental	\$ 36,360	\$ 907,530	\$ 943,890	\$ 1,310,913
Investment earnings	15,637	70,720	86,357	92,190
Total Revenues	<u>51,997</u>	<u>978,250</u>	<u>1,030,247</u>	<u>1,403,103</u>
<u>Expenditures</u>				
Parks, recreation and open space	7,266	-	7,266	8,715
Capital Outlay	-	787,338	787,338	1,124,050
Total Expenditures	<u>7,266</u>	<u>787,338</u>	<u>794,604</u>	<u>1,132,765</u>
Changes in Fund Balance	44,731	190,912	235,643	270,338
Fund Balance, Beginning	<u>254,764</u>	<u>1,331,950</u>	<u>1,586,714</u>	<u>1,316,376</u>
Fund Balance, Ending	<u>\$ 299,495</u>	<u>\$ 1,522,862</u>	<u>\$ 1,822,357</u>	<u>\$ 1,586,714</u>

See the accompanying Independent Auditors' Report

CITY OF SHERIDAN, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
CONSERVATION TRUST FUND  
YEAR ENDED DECEMBER 31, 2024  
With Comparative Totals for Year Ended December 31, 2023

	<u>2024</u>		Variance with Final Budget	<u>2023</u>
	Original and Final Budget	Actual		Actual
<u>Revenues</u>				
Intergovernmental	\$ 44,275	\$ 36,360	\$ (7,915)	\$ 42,239
Investment earnings	10,000	15,637	5,637	12,623
Total Revenues	<u>54,275</u>	<u>51,997</u>	<u>(2,278)</u>	<u>54,862</u>
<u>Expenditures</u>				
Parks, recreation and open space	18,000	7,266	10,734	8,715
Capital Outlay	100,000	-	100,000	-
Total Expenditures	<u>118,000</u>	<u>7,266</u>	<u>110,734</u>	<u>8,715</u>
Changes in fund balance	<u>\$ (63,725)</u>	44,731	<u>\$ 108,456</u>	46,147
Fund Balance, Beginning		<u>254,764</u>		<u>208,617</u>
Fund Balance, Ending		<u>\$ 299,495</u>		<u>\$ 254,764</u>

See the accompanying Independent Auditors' Report

CITY OF SHERIDAN, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
ARAPAHOE COUNTY OPEN SPACE FUND  
YEAR ENDED DECEMBER 31, 2024  
With Comparative Totals for Year Ended December 31, 2023

	2024			Variance with Final Budget	2023
	Original Budget	Final Budget	Actual		Actual
<u>Revenues</u>					
Intergovernmental	\$ 829,031	\$ 1,377,529	\$ 907,530	\$ (469,999)	\$ 1,268,674
Investment earnings	60,000	70,011	70,720	709	79,567
Total Revenues	889,031	1,447,540	978,250	(469,290)	1,348,241
<u>Expenditures</u>					
Capital outlay	635,815	1,195,038	787,338	407,700	1,124,050
Total Expenditures	635,815	1,195,038	787,338	407,700	1,124,050
Changes in Fund Balance	\$ 253,216	\$ 252,502	190,912	\$ (61,590)	224,191
Fund Balance, Beginning			1,331,950		1,107,759
Fund Balance, Ending			\$ 1,522,862		\$ 1,331,950

See the accompanying Independent Auditors' Report

CITY OF SHERIDAN, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENT FUND  
YEAR ENDED DECEMBER 31, 2024  
With Comparative Totals for Year Ended December 31, 2023

	2024		Variance With Final Budget	2023
	Original and Final Budget	Actual		Actual
<u>Revenues</u>				
Intergovernmental revenues	\$ 560,966	\$ -	\$ (560,966)	\$ -
Investment earnings	100,000	156,886	56,886	120,081
Total Revenues	<u>660,966</u>	<u>156,886</u>	<u>(504,080)</u>	<u>120,081</u>
<u>Expenditures</u>				
Public safety	200,000	-	200,000	-
Public Works	1,255,000	-	1,255,000	-
Capital Outlay	700,000	886,984	(186,984)	422,783
Total Expenditures	<u>2,155,000</u>	<u>886,984</u>	<u>1,268,016</u>	<u>422,783</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,494,034)</u>	<u>(730,098)</u>	<u>763,936</u>	<u>(302,702)</u>
Other Financing Sources:				
Transfers in	1,455,000	1,659,249	204,249	565,727
Insurance proceeds	-	89,111	89,111	75,660
Sale of assets	-	5,500	5,500	18,500
Total Other Financing Sources	<u>1,455,000</u>	<u>1,753,860</u>	<u>298,860</u>	<u>659,887</u>
Changes in Fund Balance	<u>\$ (39,034)</u>	1,023,762	<u>\$ 1,062,796</u>	357,185
Fund Balance, Beginning		<u>1,825,036</u>		<u>1,467,851</u>
Fund Balance, Ending		<u>\$ 2,848,798</u>		<u>\$ 1,825,036</u>

See the accompanying Independent Auditors' Report

CITY OF SHERIDAN, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
YEAR ENDED DECEMBER 31, 2024  
With Comparative Totals for Year Ended December 31, 2023

	2024		Variance With Final Budget	2023
	Original and Final Budget	Actual		Actual
<u>Revenues</u>				
Taxes	\$ 2,096,263	\$ 2,048,424	\$ (47,839)	\$ 2,144,651
Investment earnings	75,000	136,448	61,448	133,691
Total Revenues	<u>2,171,263</u>	<u>2,184,872</u>	<u>13,609</u>	<u>2,278,342</u>
<u>Expenditures</u>				
General government	30,115	20,573	9,542	20,757
Debt Service				
Principal	880,000	880,000	-	845,000
Interest	1,179,275	1,179,275	-	1,214,425
Contingency	20,000	-	20,000	-
Total Expenditures	<u>2,109,390</u>	<u>2,079,848</u>	<u>29,542</u>	<u>2,080,182</u>
Changes in Fund Balance	<u>\$ 61,873</u>	105,024	<u>\$ 43,151</u>	198,160
Fund Balance, Beginning		<u>1,819,392</u>		<u>1,621,232</u>
Fund Balance, Ending		<u>\$ 1,924,416</u>		<u>\$ 1,819,392</u>

See the accompanying Independent Auditors' Report

CITY OF SHERIDAN, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
STORM WATER FUND – NON-GAAP BASIS  
YEAR ENDED DECEMBER 31, 2024  
With Comparative Totals for Year Ended December 31, 2023

	2024			2023
	Original and Final Budget	Actual	Variance With Final Budget	Actual
<u>Revenue</u>				
User changes and fees	\$ 142,788	\$ 149,283	\$ 6,495	\$ 132,972
Interest income	1,000	1,677	677	1,566
Total Operating Revenues	143,788	150,960	7,172	134,538
<u>Operating Expenses</u>				
Stormwater operations	464,664	345,367	119,297	332,528
Changes in Net Position	\$ (320,876)	(194,407)	\$ 126,469	(197,990)
Net Position, Beginning		6,363,121		6,561,111
Net Position, Ending		\$ 6,168,714		\$ 6,363,121

See the accompanying Independent Auditors' Report

## COMPLIANCE SECTION

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: COLORADO YEAR ENDING (mm/yy): 12/2024
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This Information From The Records Of: City of Sheridan	Prepared By: Teresa Adler tadler@ci.sheridan.co.us
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**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. EXPENDITURES FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway expenditures:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 409,563.00
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 237,283.43
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 21,058.71
2. General fund appropriations	\$ 1,986,130.29	b. Snow and ice removal	\$ 37,287.58
3. Other local imposts (from page 2)	\$ 2,048,423.70	c. Other	\$ 185,617.94
4. Miscellaneous local receipts (from page 2)	\$ -	d. Total (a. through c.)	\$ 243,964.23
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	\$ 839,899.51
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 1,730,710.17
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	\$ 1,179,275.00
7. Total (1 through 6)	\$ 4,034,553.99	b. Redemption	\$ 880,000.00
<b>B. Private Contributions</b>		c. Total (a. + b.)	\$ 2,059,275.00
<b>C. Receipts from State government</b> (from page 2)	\$ 208,276.54	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	\$ -	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	\$ 4,242,830.53	b. Redemption	
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ 2,059,275.00
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total expenditures (A.6 + B.3 + C + D)</b>	\$ 3,789,985.17

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	\$ 25,395,000.00		\$ 880,000.00	\$ 24,515,000.00
1. Bonds (Refunding Portion)				\$ -
<b>B. Notes (Total)</b>				\$ -

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 1,819,391.41	\$ 4,242,830.53	\$ 3,789,985.17	\$ 2,272,236.77	\$ -

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
**COLORADO**  
 YEAR ENDING (mm/yy):  
 12/2024

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assesments	\$ 1,907,033.00	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	\$ 141,390.70	g. Other Misc. Receipts	
6. Total (1. through 5.)	\$ 141,390.70	h. Other	
c. Total (a. + b.)	\$ 2,048,423.70	i. Total (a. through h.)	\$ -
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes (from Item I.C.5.)	\$ 187,364.97	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	\$ 20,911.57	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other		f. Other Federal ARPA	
f. Total (a. through e.)	\$ 20,911.57	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ 208,276.54	3. Total (1. + 2.g)	\$ -
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

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

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs			\$ -
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements			\$ -
(3). System Preservation		\$ 409,563.00	\$ 409,563.00
(4). System Enhancement And Operation			\$ -
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 409,563.00	\$ 409,563.00
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 409,563.00	\$ 409,563.00

*(Carry forward to page 1)*

**Notes and Comments:**

**CITY OF SHERIDAN**

**CONTINUING DISCLOSURE**

**December 31, 2024**

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

**History of City's Mill Levy**

<u>Levy/Collection Year</u>	<u>General Fund</u>	<u>Bond Account<sup>1</sup></u>	<u>Abatements</u>	<u>Total Mill Levy</u>
2018/2019	5.974	17.288	0.077	23.339
2019/2020	5.974	14.168	0.582	20.724
2020/2021	5.974	14.462	0.168	20.604
2021/2022	5.974	12.447	0.092	18.513
2022/2023	5.974	12.795	0.380	19.149
2023/2024	5.974	10.431	0.198	16.603

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

Source: Arapahoe County Assessor's Office

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

**Historical of City's Assessed Valuation**

<u>Levy/Collection Year</u>	<u>Gross Assessed Valuation</u>	<u>Tax Increment Valuation<sup>1</sup></u>	<u>Net Assessed Valuation</u>	<u>Percent Change</u>
2018/2019	143,825,021	31,185,295	112,639,726	
2019/2020	168,649,120	32,019,450	136,629,670	21.30%
2020/2021	166,766,748	32,735,192	134,031,556	-1.90%
2021/2022	191,674,708	35,824,788	155,849,920	16.28%
2022/2023	187,955,744	36,236,260	151,719,484	-2.65%
2023/2024	227,479,870	41,392,279	186,087,591	22.65%

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

Source: Arapahoe County Assessor's Office

# CITY OF SHERIDAN

## CONTINUING DISCLOSURE

December 31, 2024

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

<u>Levy/Collection Year</u>	<u>Total Taxes Levied</u>	<u>Current Taxes Collected<sup>1</sup></u>	<u>Percent of Levy Collected</u>
2018/2019	2,685,782	2,683,959	100%
2019/2020	2,774,949	2,745,975	99%
2020/2021	2,766,411	2,752,010	99%
2021/2022	2,885,250	2,828,251	98%
2022/2023	2,905,276	2,910,156	100%
2023/2024	3,089,612	3,096,280	100%

<sup>1</sup> Figures include current and delinquent tax collections, as well as penalties thereon.

The Arapahoe County Treasurer fees have not been deducted/

Source: The City of Sheridan

**CITY OF SHERIDAN**

**CONTINUING DISCLOSURE**

**December 31, 2024**

**TABLE VIII (Series 2016 & 2017)  
History of General Fund Revenues, Expenditures and Changes in Fund Balances**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>REVENUES</b>					
Taxes	\$ 7,976,478	\$ 8,453,990	\$ 8,787,625	\$ 9,658,237	\$ 9,532,579
Licenses	427,135	412,652	443,534	401,912	428,024
Intergovernmental	843,847	95,996	1,665,543	194,697	242,637
Charges for services	248,759	235,252	291,602	233,227	286,693
Fines and forfeitures	1,212,487	762,323	679,643	944,703	982,127
Investment Earnings	39,921	5,394	157,055	494,622	566,867
Other income	1,052,255	1,137,978	1,199,189	1,499,965	1,471,736
Total Revenues	<u>11,800,882</u>	<u>11,103,585</u>	<u>13,224,191</u>	<u>13,427,363</u>	<u>13,510,663</u>
<b>EXPENDITURES</b>					
General government					
General government	712,296	793,456	1,085,005	1,500,907	1,196,812
City Clerk	171,104	176,622	300,372	231,867	238,174
Victims advocate	105,039	112,260	115,001	130,768	88,168
Municipal court	282,556	319,766	335,176	298,204	337,662
Legislative	212,145	230,686	180,988	230,688	220,987
Public Safety					
Police	4,803,896	5,308,559	5,374,215	5,518,581	6,388,865
Fire	2,148,634	2,196,978	2,262,887	2,447,544	2,353,404
Public works	892,830	825,544	1,073,830	1,075,712	1,166,477
Community Development	383,997	453,100	776,621	629,082	737,735
Non-departmental	1,247,950	551,010	588,518	610,665	666,450
Total Expenditures	<u>10,960,447</u>	<u>10,967,981</u>	<u>12,092,613</u>	<u>12,674,018</u>	<u>13,394,734</u>
Excess (Deficiency) of revenues over (under) expenditures	840,435	135,604	1,131,578	753,345	115,929
Other financing sources (uses)					
Transfers in	1,192,680	1,252,273	1,297,370	1,564,536	1,719,612
Transfers out	(789,406)	(607,446)	(609,148)	(565,727)	(1,659,249)
Sale of assets	-	3,255	4,244	14,590	-
Total	<u>403,274</u>	<u>648,082</u>	<u>692,466</u>	<u>1,013,399</u>	<u>60,363</u>
Changes in fund balance	1,243,709	783,686	1,824,044	1,766,744	176,292
Beginning fund balance	6,940,775	8,184,484	8,968,170	10,792,214	12,558,958
Ending Fund balance	<u>\$ 8,184,484</u>	<u>\$ 8,968,170</u>	<u>\$ 10,792,214</u>	<u>\$ 12,558,958</u>	<u>\$ 12,735,250</u>

Source: City's audited financial statements for years ended December 31, 2020 - 2024

## APPENDIX C

### ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information is provided to give prospective investors general information concerning selected economic and demographic conditions existing in the area within which the City of Sheridan, Colorado (the “City”) is located. The statistics presented below have been obtained from the referenced sources and represent the most current information available from such sources; however, certain of the information is released only after a significant amount of time has passed since the most recent date of the reported data and therefore, such information may not be indicative of economic and demographic conditions as they currently exist or conditions which may be experienced in the near future. Other economic and demographic information not presented herein may be available concerning the area in which the City is located, and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the City or its officers, employees or advisors.*

#### Population

The following table sets forth population statistics for the City of Sheridan (the “City”), Arapahoe County (the “County”) and the State of Colorado (the “State”).

<b>Population</b>						
<b>Year</b>	<b>City</b>	<b>Percent Change</b>	<b>County</b>	<b>Percent Change</b>	<b>State</b>	<b>Percent Change</b>
1980	5,377	--	293,621	--	2,889,964	--
1990	4,976	(7.46)%	391,511	33.34%	3,294,394	13.99%
2000	5,600	12.54	488,896	24.87	4,301,261	30.56
2010	5,664	1.14	572,003	17.00	5,029,196	16.92
2020	6,104	7.77	655,077	14.52	5,775,324	14.84
2024 <sup>1</sup>	5,932	(2.82)	666,918	1.81	5,957,493	3.15

<sup>1</sup> Estimate, and the most recent information available as of the date of this Official Statement due to the recent government shutdown, which has delayed Census information.

Sources: United States Department of Commerce, Bureau of the Census

#### Housing Stock

The following table sets forth a comparison of households within the City, and the County.

<b>Housing Units</b>				
	<b>2010</b>	<b>2020</b>	<b>Percent Change</b>	<b>2024 <sup>1</sup></b>
City	2,395	2,636	10.06%	N/A
County	238,301	262,500	10.15	275,313

<sup>1</sup> Estimate, and the most recent information available as of the date of this Official Statement due to the recent government shutdown, which has delayed Census information.

Source: U.S. Department of Commerce, Bureau of the Census and the Colorado Department of Local Affairs

## Income

The following tables set forth historical the per capita personal income for the County, the State and the United States.

### Per Capita Personal Income

	2020	2021	2022	2023	2024
County	\$68,974	\$73,706	\$77,807	\$81,281	\$84,131
State	64,704	71,928	76,685	80,169	83,055
United States	59,151	64,692	66,298	70,002	73,204

Source: Bureau of Economic Analysis, Regional Economic Accounts

## School Enrollment

The following table presents a five-year history of school enrollment for Sheridan School City No. 2, the primary school District serving the City. The City has an aging population like many communities throughout the United States. This is reflected in the decrease in enrollment year over year. Additionally, Colorado has the Public Schools of Choice law, allowing for students to enroll in any public school in the state regardless of their City of residence.

### City Enrollment

School Year	Enrollment	Percent Change
2021/2022	1,177	--
2022/2023	1,125	(4.42)%
2023/2024	1,058	(5.96)
2024/2025	1,018	(3.78)
2025/2026	924	(9.23)

Source: Colorado Department of Education

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## Building Permit Activity

Set forth hereafter is a five-year history of building permit activity for the City and the County.

### History of Building Permits in the City

Year	Residential		Commercial/Industrial		All Permits Issued	
	Permits	Valuation	Permits	Valuation	Permits	Valuation
2021	169	\$1,424,371	59	\$ 8,922,020	228	\$10,346,391
2022	189	2,231,304	88	4,842,071	277	7,073,376
2023	141	2,797,349	83	30,156,225	224	32,953,574
2024	187	1,458,471	90	4,798,593	277	6,257,064
2025	177	1,809,468	77	10,245,777	254	12,055,245
2026 <sup>1</sup>	15	134,763	13	262,535	28	397,298

<sup>1</sup> Building permits issued through February 28, 2026.  
Source: The City

## Foreclosure Activity

Foreclosure actions are commenced when a default on a deed of trust has occurred, usually when buyers fail to make timely payments in accordance with a promissory note. Set forth below is a history of the number of foreclosure actions filed by the County Public Trustee over the past five years.

### History of Foreclosures in Arapahoe County

Year	Number of Foreclosures Filed	Percent Change
2021	105	--
2022 <sup>1</sup>	625	495.24%
2023	548	(12.32)
2024	569	3.83
2025	750	31.81
2026 <sup>2</sup>	250	--

<sup>1</sup> The increase in the number of foreclosures filed in 2022 was the result of the State imposed restrictions in place in 2020-2021, due to the COVID-19 pandemic.

<sup>2</sup> Foreclosures filed through March 30, 2026.  
Source: County Public Trustee's Office

## Retail Sales

The retail trade sector employs a large portion of the City’s work force and is important to the area’s economy. The following table sets forth recent retail sales figures for the City, the County, and the State as reported by the Colorado Department of Revenue.

<b>Retail Sales</b>					
<b>Year</b>	<b>City</b>	<b>Percent Change</b>	<b>County</b>	<b>Percent Change</b>	<b>State</b>
2020	\$565,515	--	\$24,596,095	--	\$233,586,882
2021	657,406	16.25%	27,262,452	10.84%	268,328,759
2022	690,206	4.99	30,183,842	10.72	299,923,777
2023	732,432	6.12	30,713,699	1.76	302,570,432
2024	764,308	4.35	31,149,024	1.42	309,121,263
2025 <sup>1</sup>	761,508	--	31,361,412	--	316,183,730

<sup>1</sup>Retail sales through December 31, 2025.

Source: State of Colorado, Department of Revenue, Sales Tax Statistics, 2020-2025

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## Employment

The following tables set forth employment statistics by industry in the County and the most recent historical labor force estimates for the County and the State.

### Total Business Establishments and Employment—Arapahoe County

Industry <sup>1</sup>	Third Quarter 2024		Third Quarter 2025		Quarterly Change	
	Units	Average Employment	Units	Average Employment	Units	Average Employment
Agriculture, Forestry, Fishing & Hunting	27	167	24	177	(3)	10
Mining	78	445	69	290	(9)	(155)
Utilities	21	260	17	216	(4)	(44)
Construction	2,158	25,452	2,118	24,479	(40)	(973)
Wholesale Trade	1,611	14,726	1,597	14,291	(14)	(435)
Information	698	15,630	694	15,126	(4)	(504)
Finance and Insurance	2,039	21,910	1,993	22,387	(46)	477
Real Estate and Rental and Leasing	1,548	7,257	1,537	6,900	(11)	(357)
Professional and Technical Services	5,923	39,476	5,981	38,186	58	(1,290)
Management of Companies and Enterprises	496	9,058	495	8,893	(1)	(165)
Administrative and Waste Services	1,645	24,290	1,590	25,215	(55)	925
Educational Services	517	23,332	512	23,519	(5)	187
Health Care and Social Assistance	2,890	51,724	2,985	54,616	95	2,892
Arts, Entertainment, and Recreation	323	7,707	342	7,563	19	(144)
Accommodation and Food Services	1,445	26,607	1,434	26,230	(11)	(377)
Other Services, Ex. Public Admin	1,987	9,970	1,961	9,899	(26)	(71)
Public Administration	76	15,489	75	16,026	(1)	537
Unclassified	145	82	158	125	13	43
<b>Total <sup>2</sup></b>	<b><u>26,387</u></b>	<b><u>341,614</u></b>	<b><u>26,262</u></b>	<b><u>341,666</u></b>	<b><u>(125)</u></b>	<b><u>52</u></b>
<b>Government <sup>3</sup></b>						
Federal Government	64	3,343	61	3,352	(3)	9
Local Government	60	30,103	60	31,021	0	918
State Government	30	5,237	30	6,359	0	1,122

<sup>1</sup> Information provided herein reflects only those employers who are subject to State unemployment insurance law.

<sup>2</sup> Totals may not add due to rounding.

<sup>3</sup> Government figures are included within the industry categories listed above.

Source: Colorado Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW)

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**Labor Force Estimates**

Year	County		State	
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed
2021	374,709	6.0%	3,190,760	5.6%
2022 <sup>1</sup>	377,389	3.6	3,235,022	3.4
2023	378,483	3.1	3,244,096	2.9
2024	377,299	4.0	3,241,864	4.1
2025	376,327	4.7	3,270,164	4.9
2026 <sup>2, 3</sup>	377,780	4.2	3,269,147	4.3

<sup>1</sup> As a result of the COVID-19 pandemic and the federal government induced quarantine in 2020-2021, unemployment numbers decreased exponentially in 2022.

<sup>2</sup> Labor force estimates through December 31, 2025.

<sup>3</sup> Average for 2025 is calculated less October information, which was not published.

Source: State of Colorado, Division of Employment and Training, Labor Market Information, Colorado Labor Force Review

Selected major employers in the County are set forth in the following table. No independent investigation has been made of, and there can be no representation as to, the stability or financial condition of the companies listed, or the likelihood that such companies will maintain their status as major employers in the area.

**Selected Major Employers in the County**

Employer	Description	Employees
Cherry Creek School District	Education	6,900
Adams Arapahoe Aurora Public Schools	Education	5,100
City of Aurora	City Government	4,400
Arapahoe County	County Government	2,300
Littleton School District	Education	2,200
Colorado State Department of Health	Public Health and Environmental Protection	2,000
Columbia HCA Swedish	Healthcare	2,000
Fidelity Brokerage Services LLC	Investment Company	1,900
Columbia HCA Medical Center of Aurora	Healthcare	1,600
United Launch Alliance LLC	Aerospace	1,500

Source: Arapahoe County 2024 Annual Report

**APPENDIX D**

**FORM OF BOND COUNSEL OPINION**

April \_\_, 2026

City of Sheridan, Colorado

[UNDERWRITER]

**\$19,135,000\***  
**City of Sheridan, Colorado**  
**General Obligation Refunding Bonds**  
**Series 2026**

Ladies and Gentlemen:

We have been engaged by the City of Sheridan, Colorado (the “City”), to act as bond counsel in connection with the issuance of its General Obligation Refunding Bonds, Series 2026, dated April \_\_, 2026, in the aggregate principal amount of \$19,135,000\* (the “Bonds”). The Bonds are being issued pursuant to the home rule charter of the City and Ordinance No. 3-2026, which was finally passed, adopted and approved by the City Council of the City on February 23, 2026 (the “Ordinance”). All capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed in the Ordinance.

We have examined the constitution and the laws of the State of Colorado (the “State”); the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations, rulings and judicial decisions relevant to the opinions set forth in paragraph 3 below; the provisions of the Securities Act of 1933, as amended, and the regulations, rulings and judicial decisions relevant to the opinion set forth in paragraph 5 below; and such certified proceedings, certificates, documents, opinions and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law and as of the date hereof, that:

1. The Bonds are valid and binding general obligations of the City.
2. All taxable property within the boundaries of the City is subject to ad valorem taxation without limitation as to the mill rate to generate an amount to pay the principal of and the interest on the Bonds. The City is required by law to include in its annual tax levy the principal of and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
3. Under laws, regulations, rulings, and judicial decisions existing on the date hereof, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinions set forth in the preceding sentence assume the accuracy of certain representations and continuing compliance by the City with certain covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of

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\* Preliminary; subject to change.

the Bonds. Failure to comply with such requirements could cause such interest on the Bonds to be included in gross income for federal income tax purposes or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Bonds. The City has covenanted in the Ordinance and in the Tax Compliance Certificate executed and delivered in connection with the issuance of the Bonds to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations.

4. Under existing State statutes, the Bonds and the income therefrom are exempt from State of Colorado taxation, except inheritance, estate, and transfer taxes. We express no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State or any other state or jurisdiction.

5. The Bonds are exempt from registration under the Securities Act of 1933, as amended.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Ordinance may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity, by the exercise by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the State of Colorado and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

We express no opinion herein as to any matter not specifically set forth above. In particular, but without limitation, we express no opinion herein as to the accuracy, adequacy or completeness of any official statement, memorandum, prospectus or other statement used in connection with the offer and sale of the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

This opinion may be relied upon solely by the addressees hereto in connection with the issuance of the Bonds. This opinion may not be relied upon for any other purpose or by any person other than the addressees. This opinion has been addressed to persons other than the City at the request of, and as an accommodation to, our client, the City. The inclusion of persons other than the City addressee does not create or imply an attorney-client relationship between Kutak Rock and such persons.

Respectfully submitted,

## APPENDIX E

### BOOK-ENTRY-ONLY SYSTEM

*The information in this Appendix concerning The Depository Trust Company (“DTC”) and DTC’s book-entry-only system has been obtained from DTC, and the City and the Underwriter take no responsibility for the accuracy thereof.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for the Bonds, as set forth on the cover page hereof, in the aggregate principal amount of each maturity of the Bonds and deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities Bonds. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation & Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in the Bonds, except in the event that use of the book entry-system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no

knowledge of the actual Beneficial Owners of Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other Paying Agent as may be requested by an authorized representative of DTC) is the responsibility of the City, or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender or Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Tender or Remarketing Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit for tendered Bonds to Tender or Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond Bonds will be printed and delivered to DTC.