

Town of Severance
FINANCIAL STATEMENTS
with Independent Auditor's Report
December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and the Town Board of Trustees
Town of Severance, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Severance, Colorado (the Town), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Severance, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages M1 through M8, the budgetary comparison information on page 25 and the pension schedule on page 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules, water and sewer fund budgetary comparison information, and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
July 29, 2019

The Town of Severance
Management Discussion and Analysis
December 31, 2018

The discussion and analysis of the Town of Severance's (the Town) financial performance provides an overall review of the Town's financial activities for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the Town's financial performance.

Financial Highlights

The Town of Severance's governmental net position increased by \$5,239,661 and business-type net position increased by \$15,962,728 for the year. The assets of the Town exceeded its liabilities at the close of fiscal year 2018 by \$71,948,199 (net position). Of this amount, \$11,010,022 (unrestricted net position) may be used to meet the Town's ongoing obligations or unforeseen expenses. \$20,048,218 is restricted for future capital projects.

At the end of 2018 unrestricted net position for the proprietary funds (business-type activities) was \$2,586,505.

As of the close of fiscal year 2018, the Town's General Fund reported an ending fund balance of \$9,657,549 compared to the fiscal year 2017 balance of \$6,513,262.

General Fund 2018 revenues increased by \$2,298,056 to \$6,106,563. General Fund expenditures increased in 2018 by \$429,815 to \$2,962,276. This increase in expenditures was primarily due to an increase in building inspection fees related to new home construction and the formation of a Police Department.

Using the Basic Financial Statements

The Basic Financial Statements consist of the Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Town of Severance as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the Town's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the Town's operations in more detail. The governmental fund statements tell how general Town services are financed in the short term as well as what remains for future spending. The Town has four governmental funds including the General Fund, Conservation Trust Fund, Street Impact Fund and Park Impact Fund.

Proprietary fund statements, sometimes referred to Business Type Activities, offer short and long-term financial information about the activities that the Town operates with self-sustaining user fees. The Town operates two proprietary funds which are the Water Fund and Sewer Fund.

**The Town of Severance
Management Discussion and Analysis
December 31, 2018**

Fiduciary fund statements provide information about financial relationships where the Town acts solely as a trustee or agent for the benefit of others to whom resources in question belong. The Town does not have any fiduciary funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis of the Town as a Whole

The Town's total net positions (total assets minus total liabilities) were \$71,948,199 as of December 31, 2018, and \$50,745,810 as of December 31, 2017. This represents an increase of \$21,202,389.

Government-Wide Financial Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private businesses. The statements of net position include all of the government's assets and liabilities. Current year revenues and expenses are accounted for in the statement of activities on an accrual basis, regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how it has changed. The change in net position is important because it tells the reader that for the Town as a whole, the financial position has improved or diminished. The cause of this change may be the result of various factors, both financial and non-financial. Non-financial factors include facility conditions, and state or federal government required programs.

The government-wide financial statements distinguish functions of the Town 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 (Business-type Activities). The Governmental Activities of the Town include: general government, community development, public safety (code and law enforcement), public works and parks and recreation. The Business-type Activities of the Town of Severance consists of water and sewer services.

**The Town of Severance
Management Discussion and Analysis
December 31, 2018**

Details of the Town's Net Position are as follows:

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current Assets	\$14,684,978	\$9,652,085	\$18,395,589	\$9,090,771	\$33,080,567	\$18,742,856
Capital Assets (Net)	<u>7,840,940</u>	<u>7,461,595</u>	<u>33,024,403</u>	<u>25,741,183</u>	<u>40,865,343</u>	<u>33,202,778</u>
Total Assets	<u>22,525,918</u>	<u>17,113,680</u>	<u>51,419,992</u>	<u>34,831,954</u>	<u>73,945,910</u>	<u>51,945,634</u>
LIABILITIES						
Current Liabilities	213,280	203,045	675,869	43,244	889,149	246,289
Noncurrent Liabilities	<u>152,769</u>	<u>180,135</u>	<u>45,720</u>	<u>53,035</u>	<u>198,489</u>	<u>233,170</u>
Total Liabilities	<u>366,049</u>	<u>383,180</u>	<u>721,589</u>	<u>96,279</u>	<u>1,087,638</u>	<u>479,459</u>
DEFERRED INFLOW OF FINANCIAL RESOURCES						
	<u>910,073</u>	<u>720,365</u>	<u>-</u>	<u>-</u>	<u>910,073</u>	<u>720,365</u>
NET POSITION						
Net Investment in Capital Assets	7,717,030	7,293,479	32,989,729	25,695,803	40,706,759	32,989,282
Restricted	5,109,249	2,342,441	15,122,169	7,482,997	20,231,418	9,825,438
Unrestricted	<u>8,423,517</u>	<u>6,374,215</u>	<u>2,586,505</u>	<u>1,556,875</u>	<u>11,010,022</u>	<u>7,931,090</u>
Total Net Position	<u>\$21,249,796</u>	<u>\$16,010,135</u>	<u>\$50,698,403</u>	<u>\$34,735,675</u>	<u>\$71,948,199</u>	<u>\$50,745,810</u>

The statement of net position reflects a cash and investments position totaling \$31,256,771 or 42% of total assets. The bulk of the Town's resources, \$40,865,343 or 55% of total assets, are invested in capital assets. These assets consist of land and improvements, buildings, equipment, infrastructure and utility system assets.

The Town uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the Town's investment in its capital assets are reported net of related debt, it should be noted that the funds needed to repay this debt must be provided from other sources, because the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used for any legal purpose and restricted net position may be used to fund future capital expenditures.

Changes in Net Position

Governmental activities increased the Town of Severance's net position by \$5,239,661. Business activities increased the Town's net position by \$15,962,728. A summary of the changes in net position is as follows:

**The Town of Severance
Management Discussion and Analysis
December 31, 2018**

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
PROGRAM REVENUES						
Charges for Services	\$1,763,504	\$1,067,533	\$1,975,669	\$1,279,033	\$3,739,173	\$2,346,566
Operating Grants & Contributions	389,703	300,820	-	-	389,703	300,820
Capital Grants & Contributions	2,568,404	1,337,866	15,665,814	4,609,566	18,234,218	5,947,432
Total Program Revenues	4,721,611	2,706,219	17,641,483	5,888,599	22,363,094	8,594,818
GENERAL REVENUES						
Property Taxes	717,296	678,096	-	-	717,296	678,096
Sales & Use Taxes	2,423,235	1,420,786	-	-	2,423,235	1,420,786
Franchise Fees	113,231	98,665	-	-	113,231.00	98,665
Other Taxes	54,847	52,723	-	-	54,847	52,723
Interest Earnings	203,095	49,321	230,961	48,478	434,056	97,799
Other Revenues	23,482	48,999	193,515	1,487	216,997	50,486
Total General Revenues	3,535,186	2,348,590	424,476	49,965	3,959,662	2,398,555
Total Revenues	8,256,797	5,054,809	18,065,959	5,938,564	26,322,756	10,993,373
PROGRAM EXPENSES						
General Government	420,083	399,967	-	-	420,083	399,967
Community Development	1,281,531	811,451	-	-	1,281,531	811,451
Public Safety	492,154	343,813	-	-	492,154	343,813
Public Works	585,271	574,811	-	-	585,271	574,811
Parks and Recreation	222,030	191,425	-	-	222,030	191,425
Interest Expense	16,067	7,305	-	-	16,067	7,305
Water	-	-	1,313,039	898,217	1,313,039	898,217
Sewer	-	-	790,192	504,357	790,192	504,357
Extraordinary Item - Impairment Loss	-	-	-	99,272	-	99,272
Total Program Expenses	3,017,136	2,328,772	2,103,231	1,501,846	5,120,367	3,830,618
Change in Net Position	5,239,661	2,726,037	15,962,728	4,436,718	21,202,389	7,162,755
Net Position - Beginning	16,010,135	13,284,098	34,735,675	30,298,957	50,745,810	43,583,055
Net Position - Ending	\$21,249,796	\$16,010,135	\$50,698,403	\$34,735,675	\$71,948,199	\$50,745,810

Financial Analysis of the Town's Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

General Fund – The General Fund balance increased by \$3,144,287 for an ending balance of \$9,657,549 as of December 31, 2018. Total revenues increased by \$2,298,056, which was primarily due to use taxes, building permit fees and impact fees. Total expenditures increased by \$429,815, which was primarily the result of increased building inspection fees and formation of a Police Department.

Street Impact Fund – The Street Impact Fund balance increased by \$925,808, for an ending balance of \$1,939,256. This increase is primarily due to impact fees.

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Management Discussion and Analysis
December 31, 2018

Parks Impact Fund – The Parks Impact Fund balance increased by \$715,906, for an ending balance of \$1,675,035. This increase is primarily due to impact fees.

Conservation Trust Fund – The Conservation Trust Fund Balance increased by \$45,937, for an ending balance of \$292,801. The increase is primarily due to the receipt of State lottery funds.

Proprietary Funds – Proprietary funds have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the business-type activities. The proprietary fund statements, however, will provide a greater level of detail than the information found in the government-wide statements.

Water Fund – Water Fund net position increased by \$12,677,506 for an ending balance of \$40,176,015. This increase is primarily due to impact fees, water acquisition fees and dedication of water rights.

Sewer Fund – Sewer Fund net position increased by \$3,285,222, which was primarily due to impact fees.

Capital Assets

Approximately 19% of the Town's capital assets support governmental activities. The majority of the value is invested in land, buildings and infrastructure improvements.

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land and improvements	\$518,485	-	-	\$518,485
Construction in Process	-	217,094	-	217,094
Total assets not being depreciated	518,485	217,094	-	735,579
Capital assets being depreciated:				
Infrastructure	7,756,638	412,829	-	8,169,467
Buildings	1,391,669	38,918	-	1,430,587
Vehicles	521,688	41,510	-	563,198
Equipment	404,763	68,200	-	472,963
Total assets being depreciated	10,074,758	561,457	-	10,636,215
Less accumulated depreciation:				
Infrastructure	2,356,388	288,518	-	2,644,906
Buildings	259,839	45,272	-	305,111
Vehicles	203,022	44,805	-	247,827
Equipment	312,398	20,612	-	333,010
Total accumulated depreciation	3,131,647	399,207	-	3,530,854
Total capital assets (net)	\$7,461,596	\$379,344	-	\$7,840,940

The Town of Severance
Management Discussion and Analysis
December 31, 2018

The Town's business-type activities capital assets consist of its investments in water rights, utility systems and related equipment. During 2018, the Town continued its participation in the NISP project and purchased additional capacity in the project from another member.

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Water Rights	\$14,602,500	\$5,975,000	-	\$20,577,500
North Weld Water Dist Capacity	\$1,286,328	\$400,000	-	1,686,328
NISP in Process	\$2,858,850	\$540,000	-	3,398,850
Other Construction in Process	18,216	96,962	-	115,178
Total assets not being depreciated	<u>18,765,894</u>	<u>7,011,962</u>	<u>-</u>	<u>25,777,856</u>
Capital assets being depreciated:				
Water System	3,357,667	14,130	-	3,371,797
Sewer System	5,644,132	480,618	-	6,124,750
Buildings	233,714	-	-	233,714
Equipment	218,042	6,020	-	<u>224,062</u>
Total assets being depreciated	<u>9,453,555</u>	<u>500,768</u>	<u>-</u>	<u>9,954,323</u>
Less accumulated depreciation:				
Water System	540,835	70,265	-	611,100
Sewer System	1,769,419	131,501	-	1,900,920
Buildings	61,167	7,660	-	68,827
Equipment	106,845	20,084	-	<u>126,929</u>
Total accumulated depreciation	<u>2,478,266</u>	<u>229,510</u>	<u>-</u>	<u>2,707,776</u>
Total capital assets (net)	<u>\$25,741,183</u>	<u>\$7,283,220</u>	<u>-</u>	<u>\$33,024,403</u>

Long-Term Debt

The Town's governmental and business type activities long-term debt consists of accrued compensated absences payable and equipment leases. Governmental activities debt transactions for the year were as follows:

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Governmental Activities:					
Capital Lease Obligations	\$164,088	-	\$40,179	\$123,909	\$41,075
Compensated Absences	16,047	14,171	1,359	28,859	-
Total Governmental Activities	<u>\$180,135</u>	<u>\$14,171</u>	<u>\$41,538</u>	<u>\$152,768</u>	<u>\$41,075</u>

**The Town of Severance
Management Discussion and Analysis
December 31, 2018**

Business-type activities debt transactions for the year were as follows:

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Business-Type Activities					
Capital Lease Obligations	\$45,380	-	\$10,706	\$34,674	\$12,200
Compensated Absences	7,653	4,615	1,222	11,046	-
Total Business-Type Activities	\$53,033	\$4,615	\$11,928	\$45,720	\$12,200

FUND SUMMARIES

GENERAL FUND

The General Fund is the major operating fund of the Town. It is in this fund that revenue from property tax, sales tax, use tax on building material, severance tax, franchise tax, licenses and permits, intergovernmental, charges for services, fines and other miscellaneous revenue accrues. The basic operations of the town are included in the General Fund. These operations include: legislative, judicial, elections, administration, public safety, streets/maintenance, storm drainage, parks/green space, community development, and culture/recreation.

Street Fund

The Street Fund is responsible for accounting for impact fees that are legally restricted for growth related capital improvements. Total 2018 impact fees collected were \$1,281,839 and \$371,567 was spent on a new street construction project.

Park Fund

The Park Fund is responsible for accounting for impact fees that are legally restricted for growth related capital improvements. Total 2018 impact fees collected were \$754,640 and there were no major capital projects undertaken.

ENTERPRISE FUNDS

Water Fund

The Water Fund is a proprietary fund used to account for the Town's ongoing activities that are similar to a private business enterprise. The measurement focus of proprietary funds is on the determination of net income. Enterprise Funds account for the operation of Town facilities that are predominately self-supporting through user charges. The Water Fund was established to account for the acquisition, operation and maintenance of the Town's water facilities and infrastructure.

During 2018, a water efficiency plan was adopted and an allotment based rate structure was implemented. The monthly base fee was reduced from \$28 to \$15, the base usage rate per 1,000

The Town of Severance
Management Discussion and Analysis
December 31, 2018

gallons was increased from \$3.25 to \$3.50 for usage within the annual allotment, and a new rate tier of \$18.00 per 1,000 gallons was introduced for usage in excess of the annual allotment.

Sewer Fund

The Sewer Fund is a proprietary fund used to account for the Town's ongoing activities that are similar to a private business enterprise. The measurement focus of proprietary funds is on the determination of net income. Enterprise Funds account for the operation of Town facilities that are predominately self-supporting through user charges. The Sewer Fund was established to account for the acquisition, operation and maintenance of the Town's sewer facilities and infrastructure.

Effective March 1, 2018, the monthly base rate was increased from \$25 to \$27 and a new usage rate of \$3.00 per 1,000 gallons for monthly usage in excess of 5,000 gallons was implemented.

Fiscal Outlook

Looking towards future fiscal years, the Town of Severance is actively planning several long-term capital projects to offer more amenities to our citizens. Some of these projects include the second phase of the Downtown Drainage Project which will provide curb, gutter and pavement to existing gravel streets, the addition of a new 10,000 sq. ft. Public Works facility, the Town's first stoplight and improvements at the intersection of Weld County Road 74 and 21, the construction of a vehicle and pedestrian bridge which will make a vital east-west connection for the Severance Middle School to the Severance High School, a concentrated focus on economic development through increasing commercial services, and the expansion of parks and recreation in the Town. Expanding on the last item, the Town completed a Parks and Recreation Master Plan during 2018 and is now working on the creation of a 90-acre community park which will not only create recreation opportunities for the Town but as well as the region. This three-phased community park will include a great lawn with amphitheater, baseball and softball fields, two multi-purpose fields and a location for a future recreation center. In addition to these projects, the Town will continue to purchase water, increase our supplies, build a third storage tank, participate in the NISP storage and supply project, and maintain sewer infrastructure for the communities continued growth.

Request for Information

The financial statements are designed to provide information for regulatory reporting to federal and state agencies and those with an interest in the Town's finances. Questions concerning this or any additional information should be addressed to Treasurer, Town of Severance, P.O Box 339, Severance, CO 80546. Telephone inquiries may be made at 970-686-1218 and e-mail inquiries may be directed to schristensen@townofseverance.org.

BASIC FINANCIAL STATEMENTS

Town of Severance
STATEMENT OF NET POSITION
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 8,308,302	\$ 2,700,161	\$ 11,008,463
Cash and investments - Restricted	5,120,139	15,128,169	20,248,308
Receivable - County Treasurer	6,844	-	6,844
Interest receivable	1,557	-	1,557
Utility receivable	-	156,907	156,907
Developer receivables	212,195	-	212,195
Due from other governments	99,046	-	99,046
Other receivables	26,822	410,352	437,174
Property taxes receivable	910,073	-	910,073
Capital assets, not being depreciated	735,579	25,777,856	26,513,435
Capital assets, net	7,105,361	7,246,547	14,351,908
Total assets	22,525,918	51,419,992	73,945,910
LIABILITIES			
Accounts payable	145,311	668,819	814,130
Accrued liabilities	371	-	371
Deposits and escrow	34,267	6,000	40,267
Unearned revenue	4,050	-	4,050
Due to other governments	26,265	-	26,265
Accrued interest payable	3,016	1,050	4,066
Noncurrent liabilities			
Due within one year	41,075	12,200	53,275
Due in more than one year	111,694	33,520	145,214
Total liabilities	366,049	721,589	1,087,638
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	910,073	-	910,073
Total deferred inflows of resources	910,073	-	910,073
NET POSITION			
Net investment in capital assets	7,717,030	32,989,729	40,706,759
Restricted for:			
Emergency reserves	183,200	-	183,200
Street projects	1,939,256	-	1,939,256
Park projects	1,675,035	-	1,675,035
Storm drainage	1,018,957	-	1,018,957
Conservation trust	292,801	-	292,801
System capacity and improvements	-	15,122,169	15,122,169
Unrestricted	8,423,517	2,586,505	11,010,022
Total net position	\$ 21,249,796	\$ 50,698,403	\$ 71,948,199

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Severance
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government:							
General government	\$ 420,083	\$ 690,168	\$ 107,699	\$ 516,285	\$ 894,069	\$ -	\$ 894,069
Community development	1,281,531	1,166,219	-	-	(115,312)	-	(115,312)
Public safety	492,154	10,998	-	-	(481,156)	-	(481,156)
Public works	585,271	-	240,743	1,297,479	952,951	-	952,951
Parks and recreation	222,030	9,350	41,261	754,640	583,221	-	583,221
Interest on long-term debt and related costs	16,067	-	-	-	(16,067)	-	(16,067)
Total governmental activities	\$ 3,017,136	\$ 1,876,735	\$ 389,703	\$ 2,568,404	1,817,706	-	1,817,706
Business-type activities:							
Water	\$ 1,313,039	\$ 1,447,624	\$ -	\$ 12,390,702	-	12,525,287	12,525,287
Sewer	790,192	528,045	-	3,275,112	-	3,012,965	3,012,965
Total business-type activities	\$ 2,103,231	\$ 1,975,669	\$ -	\$ 15,665,814	-	15,538,252	15,538,252
General revenues:							
Property taxes					717,296	-	717,296
Specific ownership taxes					54,847	-	54,847
Sales taxes					380,124	-	380,124
Use taxes					2,043,111	-	2,043,111
Interest income					203,095	230,961	434,056
Other revenues					23,482	193,515	216,997
Total general revenues					3,421,955	424,476	3,846,431
Change in net position					5,239,661	15,962,728	21,202,389
Net position - beginning					16,010,135	34,735,675	50,745,810
Net position - ending					\$ 21,249,796	\$ 50,698,403	\$ 71,948,199

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Severance
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	<u>General Fund</u>	<u>Street Impact Fund</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>	<u>2017 Actual</u>
ASSETS					
Cash and investments	\$ 8,308,302	\$ -	\$ -	\$ 8,308,302	\$ 5,950,121
Cash and investments - Restricted	1,202,157	1,950,146	1,967,836	5,120,139	2,871,713
Receivable - County Treasurer	6,844	-	-	6,844	17,259
Interest receivable	1,557	-	-	1,557	3,534
Developer receivables	212,195	-	-	212,195	13,645
Due from other governments	99,046	-	-	99,046	63,117
Other receivables	26,822	-	-	26,822	16,231
Property taxes receivable	910,073	-	-	910,073	716,465
Total assets	<u>\$ 10,766,996</u>	<u>\$ 1,950,146</u>	<u>1,967,836</u>	<u>\$ 14,684,978</u>	<u>\$ 9,652,085</u>
LIABILITIES					
Accounts payable	134,421	10,890	-	145,311	124,540
Accrued liabilities	371	-	-	371	-
Deposits and escrow	34,267	-	-	34,267	42,513
Unearned revenue	4,050	-	-	4,050	-
Due to other governments	26,265	-	-	26,265	31,964
Total liabilities	<u>199,374</u>	<u>10,890</u>	<u>-</u>	<u>210,264</u>	<u>199,017</u>
DEFERRED INFLOWS OF RESOURCES					
Property tax revenue	910,073	-	-	910,073	720,365
Total deferred inflows of resources	<u>910,073</u>	<u>-</u>	<u>-</u>	<u>910,073</u>	<u>720,365</u>
FUND BALANCES					
Restricted for:					
Emergencies	183,200	-	-	183,200	123,000
Street projects	-	1,939,256	-	1,939,256	1,013,448
Park projects	-	-	1,675,035	1,675,035	959,129
Storm drainage	1,018,957	-	-	1,018,957	529,272
Conservation trust	-	-	292,801	292,801	246,864
Assigned for:					
Subsequent year's expenditures	1,564,502	-	-	1,564,502	1,006,301
Unassigned	6,890,890	-	-	6,890,890	4,854,689
Total fund balances	<u>9,657,549</u>	<u>1,939,256</u>	<u>1,967,836</u>	<u>13,564,641</u>	<u>8,732,703</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,766,996</u>	<u>\$ 1,950,146</u>	<u>\$ 1,967,836</u>		

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, not being depreciated

735,579

Capital assets, net

7,105,361

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

Capital leases payable

(123,910)

Accrued interest payable

(3,016)

Accrued compensated absences

(28,859)

Net position of governmental activities

\$ 21,249,796

Town of Severance
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	General Fund	Street Impact Fund	Other Funds	Total Governmental Funds	2017 Actual
Revenues					
Taxes	\$ 3,308,609	\$ -	\$ -	\$ 3,308,609	\$ 2,250,270
Intergovernmental revenues	358,442	-	41,261	399,703	314,811
Licenses and permits	1,673,651	-	-	1,673,651	923,694
Fines and forfeitures	10,118	-	-	10,118	15,350
Charges for services	79,735	-	-	79,735	75,227
Impact fees	505,285	1,281,839	754,640	2,541,764	1,322,877
Investment earnings	146,241	27,422	29,432	203,095	53,261
Other revenues	24,482	15,640	-	40,122	99,319
Total revenues	6,106,563	1,324,901	825,333	8,256,797	5,054,809
Expenditures					
Current					
General government	369,432	-	-	369,432	348,230
Community development	1,281,531	-	-	1,281,531	811,451
Public safety	488,841	-	-	488,841	343,574
Public works	280,402	-	-	280,402	322,756
Parks, recreation, and other	181,654	-	-	181,654	146,122
Capital outlay	244,403	470,660	63,490	778,553	529,649
Debt service	44,446	-	-	44,446	44,883
Total expenditures	2,890,709	470,660	63,490	3,424,859	2,546,665
Excess of revenues over (under) expenditures	3,215,854	854,241	761,843	4,831,938	2,508,144
Other financing sources (uses)					
Debt proceeds	-	-	-	-	204,742
Transfers in(out)	(71,567)	71,567	-	-	-
Total other financing sources and (uses)	(71,567)	71,567	-	-	204,742
Net change in fund balances	3,144,287	925,808	761,843	4,831,938	2,712,886
Fund balances - beginning	6,513,262	1,013,448	1,205,993	8,732,703	6,019,817
Fund balances - ending	\$ 9,657,549	\$ 1,939,256	\$ 1,967,836	\$ 13,564,641	\$ 8,732,703

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Severance

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2018

Net change in fund balances - governmental funds:	\$ 4,831,938
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of depreciation in the current period.

Capital asset additions	778,551
Depreciation expense	(399,207)

The issuance of long-term debt (e.g., bond, leases) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payments on capital leases	40,179
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued lease interest payable - Change in liability	1,012
Accrued compensated absences - Change in liability	(12,812)

Change in net position of governmental activities	<u>\$ 5,239,661</u>
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The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Severance
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2018

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>	<u>2017 Actual</u>
ASSETS				
Cash and investments	\$ 2,537,290	\$ 162,871	\$ 2,700,161	\$ 1,507,643
Cash and investments - Restricted	9,516,446	5,611,723	15,128,169	7,492,497
Utility receivable	102,240	54,667	156,907	82,298
Other receivable	26,500	383,852	410,352	8,333
Capital assets, not being depreciated	25,729,464	48,392	25,777,856	18,765,894
Capital assets, net	2,930,464	4,316,083	7,246,547	6,975,289
Total assets	<u>\$ 40,842,404</u>	<u>\$ 10,577,588</u>	<u>\$ 51,419,992</u>	<u>\$ 34,831,954</u>
LIABILITIES				
Accounts payable	637,004	31,815	668,819	32,284
Deposits and escrow	6,000	-	6,000	9,500
Accrued interest payable	525	525	1,050	1,460
Non-current liabilities				
Due within one year	6,100	6,100	12,200	11,125
Due in more than one year	16,760	16,760	33,520	41,910
Total liabilities	<u>666,389</u>	<u>55,200</u>	<u>721,589</u>	<u>96,279</u>
NET POSITION				
Net investment in capital assets	28,642,591	4,347,138	32,989,729	25,695,803
Restricted	9,510,446	5,611,723	15,122,169	7,482,997
Unrestricted	2,022,978	563,527	2,586,505	1,556,875
Total net position	<u>\$ 40,176,015</u>	<u>\$ 10,522,388</u>	<u>\$ 50,698,403</u>	<u>\$ 34,735,675</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Severance
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PROPRIETARY FUNDS

For the Year Ended December 31, 2018

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>	<u>2017 Actual</u>
Operating revenues				
Utility charges	\$ 910,927	\$ 528,045	\$ 1,438,972	\$ 1,097,192
Other charges for services	536,697	-	536,697	181,841
Total revenues	<u>1,447,624</u>	<u>528,045</u>	<u>1,975,669</u>	<u>1,279,033</u>
Operating expenses				
Personnel services	195,861	194,127	389,988	314,816
Administrative/Office expenses	21,491	9,602	31,093	18,456
Insurance	5,553	5,553	11,106	12,532
Operating supplies	305,471	37,138	342,609	143,137
Professional fees	24,876	137,692	162,568	12,915
Repairs and maintenance	23,560	151,708	175,268	117,564
Travel and training	1,785	1,452	3,237	3,577
Treatment	528,570	27,549	556,119	480,865
Telephone and utilities	23,766	36,270	60,036	44,130
Other operating expenses	94,503	46,017	140,520	7,585
Depreciation expense	87,014	142,495	229,509	218,600
Capital outlay	-	-	-	26,937
Total expenditures	<u>1,312,450</u>	<u>789,603</u>	<u>2,102,053</u>	<u>1,401,114</u>
Operating income (loss)	<u>135,174</u>	<u>(261,558)</u>	<u>(126,384)</u>	<u>(122,081)</u>
Other income (expense)				
Investment earnings	148,804	82,157	230,961	48,478
Other revenue	3,415	190,100	193,515	1,487
Interest expense	(589)	(589)	(1,178)	(1,460)
Total other income (expense)	<u>151,630</u>	<u>271,668</u>	<u>423,298</u>	<u>48,505</u>
Contributed capital				
Plant investment fees	4,868,750	3,275,112	8,143,862	3,057,766
Intergovernmental revenue	6,052	-	6,052	35,867
Cash in lieu of dedication	2,565,900	-	2,565,900	423,933
Dedicated assets	4,950,000	-	4,950,000	1,092,000
Total contributed capital	<u>12,390,702</u>	<u>3,275,112</u>	<u>15,665,814</u>	<u>4,609,566</u>
Extraordinary item - impairment loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(99,272)</u>
Change in net position	<u>12,677,506</u>	<u>3,285,222</u>	<u>15,962,728</u>	<u>4,436,718</u>
Net position - beginning	<u>27,498,509</u>	<u>7,237,166</u>	<u>34,735,675</u>	<u>30,298,957</u>
Net position - ending	<u>\$ 40,176,015</u>	<u>\$ 10,522,388</u>	<u>\$ 50,698,403</u>	<u>\$ 34,735,675</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Severance
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Water Fund	Sewer Fund	Total	2017 Actual
Cash flows from operating activities				
Cash received from customers	\$ 1,376,354	\$ 122,687	\$ 1,499,041	\$ 1,282,134
Cash payments to employees for services	(194,164)	(192,430)	(386,594)	(69,885)
Cash payments to suppliers for goods and services	(420,759)	(428,762)	(849,521)	(1,104,398)
Net cash provided by operating activities	<u>761,431</u>	<u>(498,505)</u>	<u>262,926</u>	<u>107,851</u>
Cash flows from noncapital financing activities				
Other revenues	3,415	190,100	193,515	1,487
Net cash provided by noncapital financing activities	<u>3,415</u>	<u>190,100</u>	<u>193,515</u>	<u>1,487</u>
Cash flows from capital and related financing activities				
Acquisition of capital assets	(2,030,712)	(532,018)	(2,562,730)	(1,458,047)
Tap fees received	7,434,650	3,275,112	10,709,762	3,481,699
Grant proceeds	6,052	-	6,052	35,867
Principal paid on debt	(6,148)	(6,148)	(12,296)	45,380
Net cash (used) by capital and related financing activities	<u>5,403,842</u>	<u>2,736,946</u>	<u>8,140,788</u>	<u>2,104,899</u>
Cash flows from investing activities				
Investment earnings received	148,804	82,157	230,961	48,478
Net cash provided by investing activities	<u>148,804</u>	<u>82,157</u>	<u>230,961</u>	<u>48,478</u>
Net increase (decrease) in cash and cash equivalents	6,317,492	2,510,698	8,828,190	2,262,715
Cash and cash equivalents - beginning of year	5,736,244	3,263,896	9,000,140	6,737,425
Cash and cash equivalents - end of year	<u>\$ 12,053,736</u>	<u>\$ 5,774,594</u>	<u>\$ 17,828,330</u>	<u>\$ 9,000,140</u>
 Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 135,176	\$ (261,560)	\$ (126,384)	\$ (122,081)
 Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	87,014	142,495	229,509	218,600
(Increase) decrease in:				
Utility receivable	(53,105)	(21,504)	(74,609)	1,871
Accounts receivable	(18,167)	(383,852)	(402,019)	(8,270)
Increase (decrease) in:				
Accounts payable	612,316	24,219	636,535	11,403
Deposits and escrow	(3,500)	-	(3,500)	9,500
Compensated absences	1,697	1,697	3,394	(3,172)
 Net cash provided by operating activities	<u>\$ 761,431</u>	<u>\$ (498,505)</u>	<u>\$ 262,926</u>	<u>\$ 107,851</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Severance

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Note 1 Definition of reporting entity

The Town of Severance (the Town), Colorado is a political subdivision of the State of Colorado governed by a seven member board of trustees. The Town provides general government, public works (roads and streets), public safety, park services, and water and sewer services for the geographical area organized as the Town.

The Town follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

Joint Ventures

The Town may participate in joint ventures created for special purposes which are not part of the Town's reporting entity. The following is a description of the only joint venture in which the Town participated in during the year ended December 31, 2018.

The E911 Emergency Telephone Service Authority Board (E911 Authority) was created by intergovernmental agreements pursuant to Article 11 of Title 29, C.R.S., as amended, that authorizes the county, municipalities with the county, and special districts within the county to enter into an agreement for the purpose of providing 911 emergency telephone services. Per the state statute cited above, the agreement creates a separate legal entity which is responsible for administering the operations of the 911 emergency telephone service program in Weld County. The authority board consists of seven members with four selected by the Weld County Commissioners, and one member each is selected by the City of Greeley, City of Fort Lupton and Weld County Sheriff. Under the by-laws of the E911 Authority, Weld County is required to pay all operating costs. State statute requires that all funds be maintained by the Weld County Treasurer. The operation of the E911 Authority is done contractually by the Weld County Communication Regional Center. The financial statements are prepared for the E911 Authority by Weld County in conformity with generally accepted accounting principles (GAAP) as applied to a government unit. The E911 Authority's financial reports are a component unit in the Weld County Comprehensive Annual Financial Report (CAFR). Financial statements of this joint venture are available at www.weldgov.com/departments/accounting/cafr.

Note 2 Summary of significant accounting policies

The more significant accounting policies of the Town are described as follows:

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 Town. 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.

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

The statement of net position reports all financial and capital resources of the Town. The difference between the assets and liabilities and deferred inflows of resources of the Town is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment 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 included in program revenues are reported instead as general revenues.

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

Measurement focus, basis of accounting and financial statement presentation

The government-wide 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 a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property, equipment and infrastructure are shown as increases in assets, and redemption of bonds are recorded as a reduction in liabilities.

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, sales taxes, and franchise fees. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

Special Revenue Fund – Street Impact Fund – The Street Impact Fund accounts for improvements to the Town's street system funded through impact fee assessments.

The Town reports the following non-major governmental funds:

Special Revenue Fund – Conservation Trust Fund - The Conservation Trust Fund accounts for monies received through the State of Colorado Lottery/Conservation Trust Fund program. These funds are required to be spent on parks and recreation.

Special Revenue Fund – Parks Impact Fund - The Parks Impact Fund accounts for improvements to the Town's park system and is funded through impact fee assessments.

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

The Town reports the following major proprietary funds:

Water Fund - The Water Fund was established to account for the acquisition, operation and maintenance of the Town's water facilities and infrastructure.

Sewer Fund - The Sewer Fund was established to account for the acquisition, operation and maintenance of the Town's sewer facilities and infrastructure.

Proprietary funds are used to account for the Town's ongoing activities that are similar to a private business enterprise. 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 proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for water and sewer service. Operating expenses include the costs of the services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

Budgets

In accordance with the State Budget Law, the Town's Board of Trustees holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The Town's Board of Trustees can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled cash and investments

The Town follows the practice of pooling cash and investments of all funds to maximize investment earnings. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based on each fund's average equity balance in total cash.

Investments are carried at fair value.

Cash and cash equivalents

For the purpose of the statement of cash flows of the proprietary funds, the Town considers cash and cash equivalents to include operating and restricted cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that the Town's management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

Capital assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value 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 assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Building	30 years
Equipment	5-10 years
Vehicles	5-15 years
Infrastructure	10-50 years

Compensated absences

The Town grants employees personal time off based on years of service. Up to one year's accrual of leave may be carried over to the next fiscal year. Upon termination or resignation, an employee will be paid for all earned but unused personal time off.

Accounts receivable, allowance for doubtful accounts

Based upon review of the existing accounts receivable and the fact that any uncollectible water and sewer receivables can be certified to the County Treasurer, no allowance for doubtful accounts is provided.

Property taxes

Property taxes are levied by the Town's Board of Trustees. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June.

Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the Town.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred inflows are recorded as revenue in the year they are available or collected.

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

Deferred outflows/inflows of resources

In addition to assets, the statement of net 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 and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net 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 and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Contributed capital

Impact fees and plant investment fees are generally recorded as capital contributions when received.

Fund balances

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance that can only be used for a specific purpose pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Board of Trustees. The constraint may be removed or changed only through formal action of the Town's Board of Trustees.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Town's Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the Town's policy to use the most restrictive classification first.

At December 31, 2018, the Town had \$183,200 restricted by legislation (for emergencies), \$292,801 restricted for parks and recreation (Conservation Trust), \$1,939,256 for street projects, \$1,018,957 for a storm drainage project and \$1,675,035 for park projects.

At December 31, 2018, the Town had \$1,564,502 assigned balances for subsequent year's expenditures.

Comparative data

Comparative total data for the prior year has been presented in most of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. However, comparative (i.e. presentation of prior year totals by fund type) data has not been presented in certain statements since their inclusion would make those statements unduly complex and difficult to read.

Note 3 Cash and Investments

Cash and investments are reflected on the December 31, 2018 Statement of Net Position as follows:

Cash and investments	\$ 11,008,463
Cash and investments-Restricted	20,248,308
Total cash and investments	<u>\$ 31,256,771</u>

Cash and investments at December 31, 2018 consist of the following:

Cash on hand	\$ 1,193
Deposits with financial institutions	1,565,031
Certificates of deposit	1,355,452
Investments	28,335,095
Total cash and investments	<u>\$ 31,256,771</u>

At December 31, 2018, the Town's cash deposits had bank balances of \$2,868,890 and carrying balances of \$2,833,113.

Deposits with financial institutions

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

The State Commissioners 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.

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's cash deposit and investment policy adopts state statutes regarding custodial credit risk for deposits. As of December 31, 2018, the Town's bank balances and carrying balances were insured or collateralized as follows:

Bank balances	
Federally insured	\$ 529,224
Collateralized	2,339,666
Total bank balances	<u>\$ 2,868,890</u>
Carrying balances	
Federally insured	\$ 531,127
Collateralized	2,300,793
Petty cash	1,193
Total carrying balances	<u>\$ 2,833,113</u>

Investments

The Town's investment policy adopts state statutes regarding investments.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees. 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 of three years or less.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Certain securities lending agreements
- Certain certificates of participation
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

Fair value measurement and application

The Town 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, and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series) and money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee).

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2018:

Description	Fair Value	Weighted Maturity in Years	% Invested	Moody's Rating	S&P Rating	Investment Level
U.S. Agency Securities	\$ 3,382,683	2.77	41.14%	AAA	AA+	2
Certificates of Deposit	644,100	1.30	7.83%	N/A	N/A	2
Mutual Funds	3,600,154		43.78%	N/A	N/A	1
Commercial Paper	595,427	1.52	7.24%	AA2-AA3	AA	2
	<u>\$ 8,222,364</u>	<u>2.41</u>	<u>100.00%</u>			

COLOTRUST

The Town 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 operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. 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 is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the Town records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. At December 31, 2018, the Town's balance with COLOTRUST is \$20,112,731.

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

Note 4 Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land and improvements	\$ 518,485	\$ -	\$ -	\$ 518,485
Construction in Progress	-	217,094	-	217,094
Total capital assets not being depreciated	<u>518,485</u>	<u>217,094</u>	<u>-</u>	<u>735,579</u>
Capital assets being depreciated:				
Infrastructure	7,756,638	412,829	-	8,169,467
Buildings	1,391,669	38,918	-	1,430,587
Vehicles	521,688	41,510	-	563,198
Equipment	404,763	68,200	-	472,963
Total capital assets being depreciated	<u>10,074,758</u>	<u>561,457</u>	<u>-</u>	<u>10,636,215</u>
Less accumulated depreciation:				
Infrastructure	2,356,388	288,518	-	2,644,906
Buildings	259,839	45,272	-	305,111
Vehicles	203,022	44,805	-	247,827
Equipment	312,398	20,612	-	333,010
Total accumulated depreciation	<u>3,131,647</u>	<u>399,207</u>	<u>-</u>	<u>3,530,854</u>
Total capital assets, net	<u>\$ 7,461,596</u>	<u>\$ 379,344</u>	<u>\$ -</u>	<u>\$ 7,840,940</u>

Depreciation is charged to the Town's Governmental Activities as follows:

Public Works depreciation	\$ 288,518
Unallocated depreciation	<u>110,689</u>
Total depreciation	<u>\$ 399,207</u>

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Water rights	\$ 14,602,500	\$ 5,975,000	\$ -	\$ 20,577,500
Northern Integrated Supply Proj. in progress	1,286,328	400,000	-	1,686,328
North Weld County Water Dist. Capacity	2,858,850	540,000	-	3,398,850
Construction in progress	18,216	96,962	-	115,178
Total capital assets not being depreciated	<u>18,765,894</u>	<u>7,011,962</u>	<u>-</u>	<u>25,777,856</u>
Capital assets being depreciated:				
Water System	3,357,667	14,130	-	3,371,797
Sewer System	5,644,132	480,618	-	6,124,750
Buildings	233,714	-	-	233,714
Equipment	218,042	6,020	-	224,062
Total capital assets being depreciated	<u>9,453,555</u>	<u>500,768</u>	<u>-</u>	<u>9,954,323</u>
Less accumulated depreciation:				
Water System	540,835	70,265	-	611,100
Sewer System	1,769,419	131,501	-	1,900,920
Buildings	61,167	7,660	-	68,827
Equipment	106,845	20,084	-	126,929
Total accumulated depreciation	<u>2,478,266</u>	<u>229,510</u>	<u>-</u>	<u>2,707,776</u>
Total Capital Assets, net	<u>\$ 25,741,183</u>	<u>\$ 7,283,220</u>	<u>\$ -</u>	<u>\$ 33,024,403</u>

Depreciation is charged to the Town's Business-Type Activities as follows:

Depreciation - Water	\$ 87,014
Depreciation - Sewer	142,495
Total Depreciation	<u>\$ 229,509</u>

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

Note 5 Noncurrent liabilities

The following is a summary of the changes in noncurrent liabilities of the Town for the year ended December 31, 2018:

	Balance at December 31, 2017	Additions	Reductions	Balance at December 31, 2018	Due Within One Year
Governmental Activities:					
Capital lease obligations	\$ 164,088	\$ -	\$ 40,179	\$ 123,909	\$ 41,075
Compensated absences	16,047	14,171	1,359	28,859	-
	<u>\$ 180,135</u>	<u>\$ 14,171</u>	<u>\$ 41,538</u>	<u>\$ 152,768</u>	<u>\$ 41,075</u>
Business-type Activities:					
Capital lease obligations	\$ 45,380	\$ -	\$ 10,706	\$ 34,674	\$ 12,200
Compensated absences	7,653	4,615	1,222	11,046	-
	<u>\$ 53,033</u>	<u>\$ 4,615</u>	<u>\$ 11,928</u>	<u>\$ 45,720</u>	<u>\$ 12,200</u>

2017 Kansas State Bank Lease

In 2017, the Town entered into a capital lease agreement for the purchase of a snow plow. The lease was for \$147,066 and requires 5 annual payments of \$31,635. The lease bears interest at 3.0%.

2017 John Deere Financial

In 2017, the Town entered into a capital lease agreement for the purchase of a John Deere Backhoe. The lease was for \$115,352 and requires 5 annual payments of \$24,592. The lease bears interest at 3.25%.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2018 were as follows:

Year	Minimum Annual Payment
2019	\$ 53,275
2020	54,229
2021	<u>51,079</u>
Future Min. Lease Payment	158,583
Imputed Interest	(10,216)
Present Value FMLP	<u>\$ 148,367</u>

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

Note 6 Net Position

The Town has net position consisting of three components –net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, loans, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2018, the Town had net investment in capital assets as follows:

	Governmental Activities	Business-type Activities
Net investment in capital assets:		
Capital assets, net	\$ 7,840,940	\$ 33,024,403
Current portion of long-term debt	(41,075)	(12,200)
Long-term debt due in more than one year	(82,835)	(22,474)
Net investment in capital assets	<u>\$ 7,717,030</u>	<u>\$ 32,989,729</u>

Restricted position includes net position that is restricted for use either externally imposed by creditors, net grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2018, the Town had restricted net position as follows:

	Governmental Activities	Business-type Activities
Restricted net position:		
Emergency reserve	\$ 183,200	\$ -
Street projects	1,939,256	-
Park projects	1,675,035	-
Storm drainage	1,018,957	-
Conservation trust	292,801	-
System capacity and improvements	-	15,122,169
Total restricted net position	<u>\$ 5,109,249</u>	<u>\$ 15,122,169</u>

As of December 31, 2018, the Town had unrestricted net position of \$8,423,517 in governmental activities and unrestricted net position in business-type activities of \$2,586,505.

Note 7 Intergovernmental agreements

2013 Land Use and Utility Agreement

The Town entered into a land use and development agreement with the Town of Windsor on March 25, 2013, for continued cooperation and coordination between the two municipalities including planning for

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

and managing growth and development of land, coordination of development policies and coordination of extension of services to areas of joint concern, and the ability of the two municipalities to achieve their respective and common goals. The parties agree that it is in the best interest of each that certain tax revenues generated within the corridor be shared between them. All sales and use tax collected by each of the municipalities within the corridor shall be shared and distributed between the municipalities in the following proportions: two-thirds to the collecting municipality and one-third to the other municipality. At the time of the execution of the agreement, neither of the municipalities has an excise or occupancy tax upon lodging services. In the event either of the municipalities adopts such a tax, all revenues generated from such shall be retained by the taxing municipality. At such time as both municipalities adopt such a tax, the revenues therefrom shall be shared by the parties in proportions provided for sales and use taxes. The parties intend for this agreement to remain in full force and effect in perpetuity. On April 9, 2018, the parties amended the agreement to make modifications to the corridor standards, all other terms of the March 25, 2013, agreement remain intact.

Phase 1 Agreement for Design, Construction, Land Acquisition, and Cost Recovery

The Town entered into the Phase1 Agreement for Design, Construction, Land Acquisition, and Cost Recovery with the Town of Windsor and Northlake Metropolitan District Nos 1-5 on October 24, 2017 to provide sanitary sewer facilities to the area surrounding the intersection of State Highway 257 and Weld County Road 74. The parties agree that the Town of Windsor's sanitary sewer utility is the best available source of sanitary sewer service to the area, and recognize savings can be achieved by a coordinated effort with cooperative funding of the line to be constructed by the Town of Windsor. By separate and subsequent agreements, the entities will arrive at understandings for cost-sharing associated with operations, management and future access to the line. Each party deposited \$500,000 into a single purpose project account maintained by the Town of Windsor. A preliminary design of the sewer line was completed and some of the necessary easements were acquired. The parties agreed to complete the easement acquisitions in 2019, but elected not to move forward with final design and construction at this time. The Town expects to have the unspent portion of its deposit returned in 2019 or 2020. The Town's share of expenditures in 2018 from the project account amounted to \$116,148.

Wastewater Treatment Service Agreement

The Town of Windsor and the Town entered into a Wastewater Treatment Service Agreement on April 14, 2003, to provide the right for the Town to discharge wastewater into Windsor's existing wastewater treatment facility. At the time of this agreement, The Town of Windsor was in the process of the Windsor East Side Interceptor Sewer Project. Upon completion of this project Windsor would be able to accept and treat wastewater from the Town of Severance. The Town was required to pay an initial plant investment fee, all subsequent plant investment fees related to increased capacity required by the Town shall be calculated based upon peak demand. Whenever demand per day exceeds the level upon which the initial, or then existing, plant investment fee has been calculated, an additional plant investment fee shall be due. The additional fee shall be calculated by multiplying the additional gallons of usage per day by the then existing plant investment fee rate. Any future expansion of the Town's capacity as provided for in this agreement shall be limited to the total increased capacity in the Windsor East Side Interceptor Sewer Project. The Town paid \$241,600 for additional capacity in 2018.

Note 8 Risk Management

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a joint self-insurance pool created by intergovernmental agreement of over 200 municipalities to provide property, general and automobile liability, and public officials' coverage to its members. CIRSA is governed by a seven-member board elected by and from among its members. Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

fund and those amounts available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not required to do so. The Town has not been informed of any excess losses that may have been incurred by the pool for the past three years.

Note 9 Retirement Commitments

Defined Contribution 457 Plan

The Town provides pension benefits for its employees through a defined contribution money purchase plan. All full-time employees, with the exception of the police department may participate in the plan from the date of employment and are immediately fully vested. The plan provisions can be modified by the Town Council. The Town contributes an amount equal to 5% or 3% of the covered employees' salaries each month, depending upon the employees' negotiated compensation with the Town. Contributions totaled \$31,322 in 2018. The Town has no liability for this plan beyond its current annual contribution. Pursuant to Governmental Accounting Standards Board Statement No. 32: Accounting and Financial Reporting for the Internal Revenue Code Section 457 Deferred Compensation Plans, the Town desires that its deferred compensation plan be administered by the ICMA Retirement Corporation, and that the funds be held under such plan be invested in the ICMA Retirement Trust, a trust established by public employers for the collective investment of funds held under their retirement and deferred compensation plans. As such the plan's assets are no longer the property and rights of the Town are not reflected in the financial statements of the Town.

State Fire and Police Pension Plan (FPPA)

Plan Description

The Town contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan (SWDB) provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Stateside Death and Disability Plan, which is also administered by the FPPA. This is a noncontributory plan. All full-time, paid police officers of the Town are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Local revenue sources are responsible for funding of the Death and Disability benefits for police officers hired on or after January 1, 1997.

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 required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. FPPA issues a publicly available comprehensive annual financial report that can be obtained on the FPPA's website at <http://www.fppaco.org>.

Description of Benefits

A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for member of affiliated Social Security

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

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

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Members of the SWSB plan and their employers are contributing at the rate of 10 percent and 8 percent respectively, of base salary for a total contribution of 18 percent in 2018. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022. Contributions to the SWDB plan from the Town were \$3,232 for the year ended December 31, 2018.

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

At December 31, 2018, the Town will not report a proportionate share of the net pension asset related to the plan. The net pension asset was measured as of December 31, 2017, at which time the Town was not participating in the plan. For the year ended December 31, 2018, the Town will not recognize any pension expense, deferred outflows of resources or deferred inflows of resources related to pensions as the amounts, if any, have been determined to be immaterial to the Town's financial statements.

Note 10 Commitments and Contingencies

The Town receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of the Town, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Town at December 31, 2018.

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2018

In 2017, the Town entered into an Intergovernmental Agreement with the Town of Windsor to bear the one-third cost of financing roadway improvements along the south side of Colorado State Highway 392. The total cost of the project is \$405,000, with Severance committed to paying \$135,000. Windsor and Severance agree that the Severance Cost Share will be paid through the accumulation and retention by Windsor of Severance's one-third share of sales tax revenue generated within the Cooperative Planning Area as provided in the December 11, 2000, Intergovernmental Agreement.

At December 31, 2018 the Town had construction commitments of \$158,049 related to the construction of the public works building.

Note 11 Internal Transfers

The General Fund transferred \$71,567 to the Street Impact Fund to provide funding for street projects.

Note 12 Tax, Spending, and Debt Limitation

Colorado votes passed an amendment to the State Constitution, Article X, Section 20 (the Taxpayer Bill of Rights, otherwise known as TABOR), which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenues in grants from all state and local governments combined, are excluded from the provisions of TABOR. The Town's management believes the Enterprise funds of the Town qualify for this provision.

Spending and revenue limits are determined based on the prior year's fiscal year spending as adjusted for allowable increases for inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless retention of such revenue is approved by the voters.

Subsequent to December 31, 1992, the revenue in excess of the Town's "spending limit" must be refunded unless voters approve the retaining of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases and new debt.

At November 7, 1995 and April 2, 1996 elections, the electors of the Town authorized the Town to collect, retain and expend the full amount of revenues from all sources during 1998, as well as the full amount of all revenues generated by all sources for each subsequent year. This election authorized the spending of such revenues in each year without limitation under Article X, Section 20 of the Colorado Constitution.

TABOR requires local governments to establish emergency reserves. These reserve must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The Town believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise will require judicial interpretation.

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REQUIRED SUPPLEMENTARY INFORMATION

Town of Severance

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND**

For the Year Ended December 31, 2018

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual
REVENUES				
Taxes				
Property taxes	\$ 715,367	\$ 717,296	\$ 1,929	\$ 678,096
Specific ownership taxes	30,000	54,847	24,847	52,723
Sales and use taxes	875,000	2,423,235	1,548,235	1,420,785
Franchise fees	85,000	113,231	28,231	98,665
Total tax revenues	<u>1,705,367</u>	<u>3,308,609</u>	<u>1,603,242</u>	<u>2,250,269</u>
Intergovernmental revenues				
Cigarette taxes	1,000	1,197	197	1,096
Highway users	141,753	190,021	48,268	135,980
Road and bridge	30,000	50,722	20,722	50,979
Clerk/Motor vehicle fees	13,000	22,451	9,451	17,092
Mineral lease	25,000	28,380	3,380	25,422
Severance tax	30,000	54,671	24,671	32,149
State grants	511,000	11,000	(500,000)	-
Total intergovernmental revenues	<u>751,753</u>	<u>358,442</u>	<u>(393,311)</u>	<u>262,718</u>
Licenses and permits				
Liquor licenses	300	1,350	1,050	1,095
Building permits	350,000	1,166,219	816,219	624,500
Animal licenses	3,000	1,837	(1,163)	2,323
Business licenses	2,000	3,003	1,003	3,743
Other licenses	307,000	501,242	194,242	292,033
Total licenses and permits	<u>662,300</u>	<u>1,673,651</u>	<u>1,011,351</u>	<u>923,694</u>
Fines and forfeitures	<u>12,200</u>	<u>10,118</u>	<u>(2,082)</u>	<u>15,350</u>
Charges for services				
Special events charges	15,000	9,350	(5,650)	13,012
Rents	40,000	37,465	(2,535)	55,567
Other charges for services	200	538,205	538,005	221,415
Total charges for services	<u>55,200</u>	<u>585,020</u>	<u>529,820</u>	<u>289,994</u>
Other				
Investment earnings	52,481	146,241	93,760	43,998
Donations	-	-	-	1,000
Insurance proceeds/recoveries	-	-	-	1,154
Reimbursements and refunds	1,500	-	(1,500)	1,556
Other miscellaneous revenue	16,375	24,482	8,107	18,775
Total other revenue	<u>70,356</u>	<u>170,723</u>	<u>100,367</u>	<u>66,483</u>
Total revenues	<u>3,257,176</u>	<u>6,106,563</u>	<u>2,849,387</u>	<u>3,808,508</u>

(continued)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Severance

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND**

For the Year Ended December 31, 2018

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual
EXPENDITURES				
General government				
Personnel services	228,801	218,221	10,580	169,956
Insurance	13,623	13,581	42	9,269
Professional fees	75,000	60,871	14,129	65,433
Election	8,350	3,981	4,369	-
Repairs and maintenance	6,000	5,881	119	16,852
Supplies	4,750	5,780	(1,030)	2,311
Telephone and utilities	7,000	4,697	2,303	4,156
Traveling and training	35,100	15,394	19,706	3,526
Other expenses	88,910	41,026	47,884	76,727
Total general government	467,534	369,432	98,102	348,230
Community development				
Personnel services	291,301	283,170	8,131	167,972
Insurance	4,517	4,635	(118)	5,755
Professional fees	15,000	2,572	12,428	4,171
Building inspections	350,000	815,017	(465,017)	476,761
Repairs and maintenance	6,000	5,810	190	5,624
Supplies	5,500	3,386	2,114	2,973
Telephone and utilities	7,000	4,884	2,116	4,345
Traveling and training	8,900	6,014	2,886	5,118
Other expenses	176,160	156,043	20,117	138,732
Total community development	864,378	1,281,531	(417,153)	811,451
Public safety				
Personnel services	177,171	123,759	53,412	54,097
Contract labor	298,000	280,418	17,582	261,663
Fuel and automotive	3,500	2,548	952	964
Insurance	3,782	3,779	3	3,504
Professional fees	21,250	6,807	14,443	3,512
Repairs and maintenance	10,000	2,045	7,955	30
Supplies	5,950	7,915	(1,965)	280
Telephone and utilities	1,500	1,227	273	627
Traveling and training	1,650	-	1,650	74
Other expenses	77,535	60,343	17,192	18,823
Total public safety	600,338	488,841	111,497	343,574
Public works				
Personnel services	108,223	104,772	3,451	47,388
Fuel and automotive	6,000	3,444	2,556	3,691
Insurance	3,782	3,717	65	3,799
Professional fees	9,500	14,471	(4,971)	59,624
Repairs and maintenance	233,500	66,146	167,354	142,030
Supplies	8,550	3,104	5,446	1,063
Telephone and utilities	4,000	1,933	2,067	4,635
Traveling and training	1,675	660	1,015	401
Other expenses	176,950	82,155	94,795	60,125
Total public works	552,180	280,402	271,778	322,756

(continued)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Severance

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND**

For the Year Ended December 31, 2018

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual
Parks, recreation and other				
Personnel services	124,415	113,560	10,855	91,807
Fuel and automotive	6,000	4,651	1,349	3,691
Insurance	3,782	3,717	65	3,799
Professional fees	3,000	-	3,000	71
Repairs and maintenance	29,000	26,522	2,478	12,025
Supplies	6,600	6,408	192	3,565
Telephone and utilities	19,000	16,624	2,376	11,900
Traveling and training	1,675	930	745	392
Other expenses	15,875	9,242	6,633	292
Total parks, recreation, and other	<u>209,347</u>	<u>181,654</u>	<u>27,693</u>	<u>127,542</u>
Capital outlay				
General government capital outlay	49,000	50,981	(1,981)	16,231
Community development capital outlay	165,000	25,473	139,527	-
Public safety capital outlay	90,000	45,847	44,153	-
Public works capital outlay	360,000	61,837	298,163	188,949
Parks, recreation, and other capital outlay	375,000	60,265	314,735	28,845
Total capital outlay	<u>1,039,000</u>	<u>244,403</u>	<u>794,597</u>	<u>234,025</u>
Debt service				
Principal	30,700	44,446	(13,746)	44,883
Total expenditures	<u>3,763,477</u>	<u>2,890,709</u>	<u>872,768</u>	<u>2,232,461</u>
Excess of revenues over expenditures	<u>(506,301)</u>	<u>3,215,854</u>	<u>3,722,155</u>	<u>1,576,047</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	-	204,742
Operating transfers (out)	(500,000)	(71,567)	(428,433)	(300,000)
Total other financing sources (uses)	<u>(500,000)</u>	<u>(71,567)</u>	<u>(428,433)</u>	<u>(95,258)</u>
Net change in fund balances	<u>(1,006,301)</u>	<u>3,144,287</u>	<u>4,150,588</u>	<u>1,480,789</u>
Fund balances - beginning	<u>6,421,332</u>	<u>6,513,262</u>	<u>91,930</u>	<u>5,032,473</u>
Fund balances - ending	<u>\$ 5,415,031</u>	<u>\$ 9,657,549</u>	<u>\$ 4,242,518</u>	<u>\$ 6,513,262</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Severance

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - STREET IMPACT FUND**

For the Year Ended December 31, 2018

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual
REVENUES				
Road infrastructure fee	\$ 375,000	\$ 1,281,839	\$ 906,839	\$ 759,090
Investment earnings	902	27,422	26,520	3,180
Other income	-	15,640	15,640	-
Total revenues	<u>375,902</u>	<u>1,324,901</u>	<u>948,999</u>	<u>762,270</u>
EXPENDITURES				
Street construction	500,000	371,567	128,433	295,624
Street improvements	950,000	62,813	887,187	-
Bridge repair and maintenance	5,000	-	5,000	-
Equipment	20,000	36,280	(16,280)	-
Professional fees	35,000	-	35,000	-
Total expenditures	<u>1,510,000</u>	<u>470,660</u>	<u>1,039,340</u>	<u>295,624</u>
Excess of expenditures over (under) revenues	(1,134,098)	854,241	1,988,339	466,646
OTHER FINANCING SOURCES (USES)				
Operating transfers in	500,000	71,567	(428,433)	300,000
Total other financing sources (uses)	<u>500,000</u>	<u>71,567</u>	<u>(428,433)</u>	<u>300,000</u>
Net change in fund balances	<u>(634,098)</u>	<u>925,808</u>	<u>1,559,906</u>	<u>766,646</u>
Fund balances - beginning	<u>871,406</u>	<u>1,013,448</u>	<u>142,042</u>	<u>246,802</u>
Fund balances - ending	<u>\$ 237,308</u>	<u>\$ 1,939,256</u>	<u>\$ 1,701,948</u>	<u>\$ 1,013,448</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Severance
SCHEDULE OF TOWN'S CONTRIBUTIONS
FPPA - STATEWIDE DEFINED BENEFIT PLAN
LAST TEN FISCAL YEARS

	2018
Contractually Required Contribution	\$ 3,232
Contributions in Relation to the Contractually Required Contribution	<u>3,232</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
(Entity)'s Covered Payroll	\$ 40,402
Contributions as a Percentage of Covered Payroll	8%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

SUPPLEMENTARY INFORMATION

Town of Severance
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2018

	<u>Conservation Trust Fund</u>	<u>Park Impact Fund</u>	<u>Total Non-Major Governmental Funds</u>	<u>2017 Actual</u>
ASSETS				
Cash and investments - Restricted	\$ 292,801	\$ 1,675,035	\$ 1,967,836	\$ 1,205,993
Total assets	<u>\$ 292,801</u>	<u>\$ 1,675,035</u>	<u>\$ 1,967,836</u>	<u>\$ 1,205,993</u>
LIABILITIES				
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Conservation trust	292,801	-	292,801	246,864
Park projects	-	1,675,035	1,675,035	959,129
Total fund balances	<u>292,801</u>	<u>1,675,035</u>	<u>1,967,836</u>	<u>1,205,993</u>
Total liabilities and fund balance	<u>\$ 292,801</u>	<u>\$ 1,675,035</u>	<u>\$ 1,967,836</u>	<u>\$ 1,205,993</u>

Town of Severance
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	Conservation Trust Fund	Park Impact Fund	Total Non-Major Governmental Funds	2017 Actual
Revenues				
Intergovernmental revenues	\$ 41,261	\$ -	\$ 41,261	\$ 52,093
Impact fees	-	754,640	754,640	349,020
Investment earnings	4,676	24,756	29,432	6,083
Other revenues	-	-	-	76,835
Total revenues	<u>45,937</u>	<u>779,396</u>	<u>825,333</u>	<u>484,031</u>
Expenditures				
Current				
Parks, recreation, and other	-	-	-	18,580
Capital outlay	-	63,490	63,490	-
Total expenditures	<u>-</u>	<u>63,490</u>	<u>63,490</u>	<u>18,580</u>
Excess of revenues over (under) expenditures	<u>45,937</u>	<u>715,906</u>	<u>761,843</u>	<u>465,451</u>
Fund balances - beginning	<u>246,864</u>	<u>959,129</u>	<u>1,205,993</u>	<u>740,542</u>
Fund balances - ending	<u>\$ 292,801</u>	<u>\$ 1,675,035</u>	<u>\$ 1,967,836</u>	<u>\$ 1,205,993</u>

Town of Severance

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONSERVATION TRUST FUND**

For the Year Ended December 31, 2018

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual
REVENUES				
Intergovernmental revenues	\$ 32,000	\$ 41,261	\$ 9,261	\$ 37,103
Investment earnings	735	4,676	3,941	1,543
Total revenues	<u>32,735</u>	<u>45,937</u>	<u>13,202</u>	<u>38,646</u>
EXPENDITURES				
Parks, recreation and other	200,000	-	200,000	18,580
Total expenditures	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>18,580</u>
Excess of revenues over expenditures	<u>(167,265)</u>	<u>45,937</u>	<u>213,202</u>	<u>20,066</u>
Fund balances - beginning	<u>237,419</u>	<u>246,864</u>	<u>9,445</u>	<u>226,798</u>
Fund balances - ending	<u>\$ 70,154</u>	<u>\$ 292,801</u>	<u>\$ 222,647</u>	<u>\$ 246,864</u>

Town of Severance

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - PARK IMPACT FUND**

For the Year Ended December 31, 2018

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual
REVENUES				
Impact fees	\$ 240,000	\$ 754,640	\$ 514,640	\$ 349,020
Intergovernmental revenue	350,000	-	(350,000)	14,990
Investment earnings	1,259	24,756	23,497	4,540
Other revenues	-	-	-	76,835
Total revenues	<u>591,259</u>	<u>779,396</u>	<u>188,137</u>	<u>445,385</u>
EXPENDITURES				
Parks, recreation and other	1,270,000	63,490	1,206,510	-
Contract services	50,000	-	50,000	-
Total expenditures	<u>1,320,000</u>	<u>63,490</u>	<u>1,256,510</u>	<u>-</u>
Excess of revenues over expenditures	<u>(728,741)</u>	<u>715,906</u>	<u>1,444,647</u>	<u>445,385</u>
Fund balances - beginning	<u>910,877</u>	<u>959,129</u>	<u>48,252</u>	<u>513,744</u>
Fund balances - ending	<u>\$ 182,136</u>	<u>\$ 1,675,035</u>	<u>\$ 1,492,899</u>	<u>\$ 959,129</u>

Town of Severance
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE
BUDGET AND ACTUAL (BUDGETARY BASIS) - WATER FUND

For the Year Ended December 31, 2018

	Original and Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)	2017 Actual
Operating revenues				
Utility charges	\$ 750,000	\$ 910,927	\$ 160,927	\$ 723,242
Other charges for services	90,000	536,697	446,697	181,841
Total revenues	<u>840,000</u>	<u>1,447,624</u>	<u>607,624</u>	<u>905,083</u>
Operating expenses				
Personnel services	201,242	195,861	5,381	158,680
Administrative/Office expenses	9,300	21,491	(12,191)	10,900
Insurance	5,568	5,553	15	6,266
Operating supplies	104,250	305,471	(201,221)	116,854
Professional fees	11,850	24,876	(13,026)	1,093
Repairs and maintenance	30,700	23,560	7,140	17,737
Travel and training	5,350	1,785	3,565	1,396
Treatment	500,000	528,570	(28,570)	464,901
Telephone and utilities	21,800	23,766	(1,966)	2,532
Other operating expenses	137,120	94,503	42,617	4,887
Capital outlay	3,366,500	2,030,710	1,335,790	1,315,493
Total expenditures	<u>4,393,680</u>	<u>3,256,146</u>	<u>1,137,534</u>	<u>2,100,739</u>
Operating income (loss)	<u>(3,553,680)</u>	<u>(1,808,522)</u>	<u>1,745,158</u>	<u>(1,195,656)</u>
Other income (expense)				
Investment earnings	40,202	148,804	108,602	32,556
Other revenue	-	3,415	3,415	785
Debt service	(15,150)	(589)	(14,561)	21,960
Total other income (expense)	<u>25,052</u>	<u>151,630</u>	<u>97,456</u>	<u>55,301</u>
Contributed capital				
Plant investment fees	1,260,000	4,868,750	3,608,750	1,720,200
Intergovernmental revenue	-	6,052	6,052	35,867
Cash in lieu of fees	1,500,000	2,565,900	1,065,900	423,933
Total contributed capital	<u>2,760,000</u>	<u>7,440,702</u>	<u>4,680,702</u>	<u>2,180,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(768,628)</u>	<u>5,783,810</u>	<u>6,523,316</u>	<u>1,039,645</u>
Funds available - beginning	<u>5,261,331</u>	<u>5,755,137</u>	<u>11,016,468</u>	
Funds available - ending	<u>\$ 4,492,703</u>	<u>\$ 11,538,947</u>	<u>\$ 16,031,650</u>	
Funds available is computed as follows:				
Current assets		\$ 12,182,476		
Current liabilities		(643,529)		
		<u>\$ 11,538,947</u>		

Town of Severance

**RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT
OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - WATER FUND**

For the Year Ended December 31, 2018

Revenue (budgetary basis)	\$ 9,040,545
Dedicated assets	<u>4,950,000</u>
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>13,990,545</u>
 Expenditures (budgetary basis)	 3,256,146
Depreciation	87,014
Capital expenditures	(2,030,710)
Debt service	<u>589</u>
Total expenditures per Statement of Revenues, Expenses and Changes in Net Position	<u>1,313,039</u>
 Change in net position per Statement of Revenues, Expenses, and Changes in Net Position	 \$ <u><u>12,677,506</u></u>

Town of Severance
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - SEWER FUND
For the Year Ended December 31, 2018

	Original and Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)	2017 Actual
Operating revenues				
Utility charges	\$ 450,000	\$ 528,045	\$ 78,045	\$ 373,950
Total revenues	<u>450,000</u>	<u>528,045</u>	<u>78,045</u>	<u>373,950</u>
Operating expenses				
Personnel services	201,242	194,127	7,115	156,136
Administrative/Office expenses	9,200	9,602	(402)	7,556
Insurance	5,568	5,553	15	6,266
Operating supplies	46,750	37,138	9,612	26,283
Professional fees	16,600	137,692	(121,092)	11,822
Repairs and maintenance	220,700	151,708	68,992	99,827
Travel and training	5,250	1,452	3,798	2,181
Treatment	20,000	27,549	(7,549)	15,964
Telephone and utilities	48,950	36,270	12,680	41,598
Other operating expenses	69,170	46,017	23,153	2,698
Capital outlay	1,447,000	652,045	794,955	169,492
Total expenditures	<u>2,090,430</u>	<u>1,299,153</u>	<u>791,277</u>	<u>539,823</u>
Operating income (loss)	<u>(1,640,430)</u>	<u>(771,108)</u>	<u>(713,232)</u>	<u>(165,873)</u>
Other income (expense)				
Investment earnings	20,587	82,157	61,570	15,922
Other revenue	-	190,100	190,100	702
Debt service	(15,150)	(589)	(14,561)	21,960
Total other income (expense)	<u>5,437</u>	<u>271,668</u>	<u>237,109</u>	<u>38,584</u>
Contributed capital				
Plant investment fees	975,000	3,275,112	2,300,112	1,337,566
Total contributed capital	<u>975,000</u>	<u>3,275,112</u>	<u>2,300,112</u>	<u>1,337,566</u>
Excess (deficiency) of revenues over (under) expenditures	(659,993)	2,775,672	1,823,989	1,210,277
Funds available - beginning	<u>2,955,013</u>	<u>3,141,274</u>	<u>6,096,287</u>	
Funds available - ending	<u>\$ 2,295,020</u>	<u>\$ 5,916,946</u>	<u>\$ 8,211,966</u>	
Funds available is computed as follows:				
Current assets		\$ 5,829,261		
Current liabilities		(32,340)		
		<u>\$ 5,796,921</u>		

Town of Severance

**RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT
OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - SEWER FUND**

For the Year Ended December 31, 2018

Revenue (budgetary basis)	<u>\$ 4,075,414</u>
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>4,075,414</u>
Expenditures (budgetary basis)	1,299,153
Depreciation	142,495
Capital expenditures	(652,045)
Debt service	<u>589</u>
Total expenditures per Statement of Revenues, Expenses and Changes in Net Position	<u>790,192</u>
 Change in net position per Statement of Revenues, Expenses, and Changes in Net Position	 <u><u>\$ 3,285,222</u></u>

SPECIAL REPORT

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

LOCAL HIGHWAY FINANCE REPORT		City or County:
		Severance
		YEAR ENDING : December 2018
This Information From The Records Of the Town of Severance	Prepared By:	Stephen Christensen
	Phone:	970-686-1218

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	447,747
3. Other local imposts (from page 2)	1,336,686
4. Miscellaneous local receipts (from page 2)	36,690
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	1,821,123
B. Private Contributions	
C. Receipts from State government (from page 2)	212,472
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	2,033,595

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	470,660
2. Maintenance:	73,881
3. Road and street services:	
a. Traffic control operations	8,429
b. Snow and ice removal	49,876
c. Other	52,931
d. Total (a. through c.)	111,236
4. General administration & miscellaneous	119,848
5. Highway law enforcement and safety	332,162
6. Total (1 through 5)	1,107,787
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	1,107,787

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,013,448	2,033,595	1,107,787	1,939,256	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE:	
		Colorado	
		YEAR ENDING (mm/yy): December 2018	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	27,422
b. Other local imposts:		b. Traffic Fines & Penalties	9,268
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	1,281,839	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	54,847	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,336,686	h. Other	
c. Total (a. + b.)	1,336,686	i. Total (a. through h.)	36,690
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	190,021	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	22,451	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	22,451	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	212,472	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities		62,813	62,813
(2). Capacity Improvements			0
(3). System Preservation		371,567	371,567
(4). System Enhancement & Operation		36,280	36,280
(5). Total Construction (1) + (2) + (3) + (4)	0	470,660	470,660
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	470,660	470,660
			(Carry forward to page 1)
Notes and Comments:			