

Town of Severance
FINANCIAL STATEMENTS
with Independent Auditor's Report
December 31, 2019

TABLE OF CONTENTS

Independent Auditor's Report	I
Management's Discussion and Analysis	M1
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Net Position - Proprietary Funds.....	6
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	7
Statement of Cash Flows – Proprietary Funds.....	8
Notes to financial statements	9
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund	30
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Street Impact Fund	33
Schedule of the Town's Proportionate Share of the Net Pension Liability/(Asset) FPPA – Statewide Defined Benefit Plan	34
Schedule of the Town's Contributions – FPPA – Statewide Defined Benefit Plan	35
Supplementary Information	
Combining Fund Statements and Schedules:	
Balance Sheet – Non-Major Governmental Funds.....	36
Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	37
Schedule of Revenues, Expenditures and Changes in Funds Balance – Budget and Actual – Conservation Trust Fund	38

TABLE OF CONTENTS
(continued)

Supplementary Information

Schedule of Revenues, Expenditures and Changes in Funds Balance – Budget and Actual – Park Impact Fund.....	39
Schedule of Revenues, Expenditures and Changes in Funds Available – Budget and Actual (Budgetary Basis) – Water Fund.....	40
Reconciliation of Actual (Budgetary Basis) to Statement of Revenues, – Expenses and Changes in Net Position – Water Fund	41
Schedule of Revenues, Expenditures and Changes in Funds Available – Budget and Actual (Budgetary Basis) – Sewer Fund	42
Reconciliation of Actual (Budgetary Basis) to Statement of Revenues, – Expenses and Changes in Net Position – Sewer Fund.....	43

Special Reports

Local Highway Finance Report.....	44
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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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages M1 through M7, the budgetary comparison information on pages 30 through 33, and the pension schedules on pages 34 and 35 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 supplementary information on pages 36 through 43 and the local highway finance report on pages 44 and 45 (together, the information) are presented for purposes of additional analysis and legal compliance and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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
September 14, 2020

**The Town of Severance
Management Discussion and Analysis
December 31, 2019**

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, 2019. 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 \$10,291,919 and business-type net position increased by \$16,655,658 for the year. The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2019 by \$98,895,776 (net position). Of this amount, \$14,483,826 (unrestricted net position) may be used to meet the Town's ongoing obligations or unforeseen expenses. \$23,281,157 is restricted for future capital projects.

At the end of 2019 unrestricted net position for the proprietary funds (business-type activities) was \$3,151,603.

As of the close of fiscal year 2019, the Town's General Fund reported an ending fund balance of \$13,117,984 compared to the fiscal year 2018 balance of \$9,657,549.

General Fund 2019 revenues increased by \$2,767,792 to \$8,874,355. General Fund expenditures increased in 2019 by \$2,451,644 to \$5,413,920. This increase in expenditures was primarily due to an increase in building inspection fees related to new home construction, the formation of a Police Department, and the construction of the new public works building.

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, 2019**

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 plus deferred outflows of resources minus total liabilities plus deferred inflows of resources) were \$98,895,776 as of December 31, 2019, and \$71,948,199 as of December 31, 2018. This represents an increase of \$26,947,577.

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, deferred outflows of resources, liabilities and deferred inflows of resources. 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, 2019**

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

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current Assets	\$20,060,559	\$14,684,978	\$21,031,714	\$18,395,589	\$41,092,273	\$33,080,567
Capital Assets (Net)	14,214,731	7,840,940	46,756,024	33,024,403	60,970,755	40,865,343
Total Assets	34,275,290	22,525,918	67,787,738	51,419,992	102,063,028	73,945,910
DEFERRED OUTFLOWS OF RESOURCES	119,754	-	-	-	119,754	-
LIABILITIES						
Current Liabilities	1,200,439	213,280	390,805	675,869	1,591,244	889,149
Noncurrent Liabilities	162,952	152,769	42,872	45,720	205,824	198,489
Total Liabilities	1,363,391	366,049	433,677	721,589	1,797,068	1,087,638
DEFERRED INFLOWS OF RESOURCES	1,489,938	910,073	-	-	1,489,938	910,073
NET POSITION						
Net Investment in Capital Assets	14,131,897	7,717,030	46,732,596	32,989,729	60,864,493	40,706,759
Restricted	6,077,595	5,109,249	17,469,862	15,122,169	23,547,457	20,231,418
Unrestricted	11,332,223	8,423,517	3,151,603	2,586,505	14,483,826	11,010,022
Total Net Position	<u>\$31,541,715</u>	<u>\$21,249,796</u>	<u>\$67,354,061</u>	<u>\$50,698,403</u>	<u>\$98,895,776</u>	<u>\$71,948,199</u>

The statement of net position reflects a cash and investments position totaling \$38,677,201 or 38% of total assets. The bulk of the Town's resources, \$60,970,755 or 60% 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.

The Town of Severance
Management Discussion and Analysis
December 31, 2019

Changes in Net Position

Governmental activities increased the Town of Severance's net position by \$10,291,919. Business activities increased the Town's net position by \$16,655,658. A summary of the changes in net position is as follows:

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
PROGRAM REVENUES						
Charges for Services	\$2,333,950	\$1,876,735	\$1,933,142	\$1,975,669	\$4,267,092	\$3,852,404
Operating Grants & Contributions	1,035,826	389,703	-	-	1,035,826	389,703
Capital Grants & Contributions	<u>6,200,742</u>	<u>2,568,404</u>	<u>16,283,282</u>	<u>15,665,814</u>	<u>22,484,024</u>	<u>18,234,218</u>
Total Program Revenues	<u>9,570,518</u>	<u>4,834,842</u>	<u>18,216,424</u>	<u>17,641,483</u>	<u>27,786,942</u>	<u>22,476,325</u>
GENERAL REVENUES						
Property Taxes	909,932	717,296	-	-	909,932	717,296
Sales & Use Taxes	3,255,574	2,423,235	-	-	3,255,574	2,423,235
Other Taxes	61,222	54,847	-	-	61,222	54,847
Interest Earnings	366,925	203,095	472,868	230,961	839,793	434,056
Other Revenues	<u>27,496</u>	<u>23,482</u>	<u>-</u>	<u>193,515</u>	<u>27,496</u>	<u>216,997</u>
Total General Revenues	<u>4,621,149</u>	<u>3,421,955</u>	<u>472,868</u>	<u>424,476</u>	<u>5,094,017</u>	<u>3,846,431</u>
Total Revenues	14,191,667	8,256,797	18,689,292	18,065,959	32,880,959	26,322,756
PROGRAM EXPENSES						
General Government	863,671	420,083	-	-	863,671	420,083
Community Development	1,121,604	1,281,531	-	-	1,121,604	1,281,531
Public Safety	865,616	492,154	-	-	865,616	492,154
Public Works	823,782	585,271	-	-	823,782	585,271
Parks and Recreation	141,282	222,030	-	-	141,282	222,030
Interest Expense	23,453	16,067	-	-	23,453	16,067
Water	-	-	1,240,292	1,313,039	1,240,292	1,313,039
Sewer	-	-	793,342	790,192	793,342	790,192
Acceptance of Assets	<u>60,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,340</u>	<u>-</u>
Total Program Expenses	<u>3,899,748</u>	<u>3,017,136</u>	<u>2,033,634</u>	<u>2,103,231</u>	<u>5,933,382</u>	<u>5,120,367</u>
Change in Net Position	10,291,919	5,239,661	16,655,658	15,962,728	26,947,577	21,202,389
Net Position - Beginning	<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>
Net Position - Ending	<u>\$31,541,715</u>	<u>\$21,249,796</u>	<u>\$67,354,061</u>	<u>\$50,698,403</u>	<u>\$98,895,776</u>	<u>\$71,948,199</u>

**The Town of Severance
Management Discussion and Analysis
December 31, 2019**

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 \$3,460,435 for an ending balance of \$13,117,984 as of December 31, 2019. Total revenues increased by \$2,767,792, which was primarily due to sales and use taxes, building permit fees and impact fees. Total expenditures increased by \$2,451,644, which was primarily the result of increased building inspection fees, the formation of a Police Department, and construction of the new public works building.

Street Impact Fund – The Street Impact Fund balance decreased by \$337,905, for an ending balance of \$1,601,351. This decrease is primarily due to street improvements.

Parks Impact Fund – The Parks Impact Fund balance increased by \$676,861, for an ending balance of \$2,351,896. This increase is primarily due to impact fees.

Conservation Trust Fund – The Conservation Trust Fund Balance increased by \$55,856, for an ending balance of \$348,657. 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 \$13,065,774 for an ending balance of \$53,241,789. This increase is primarily due to impact fees, water acquisition fees and the dedication of assets.

Sewer Fund – Sewer Fund net position increased by \$3,589,884, which was primarily due to impact fees and the dedication of assets.

Capital Assets

Approximately 23% of the Town's capital assets support governmental activities. The majority of the value is invested in land, buildings and infrastructure improvements. See Note 4 for more details.

The Town's business-type activities capital assets consist of its investments in water rights, utility systems and related equipment. During 2019, the Town continued its participation in the NISP project. See Note 4 for more details.

**The Town of Severance
Management Discussion and Analysis
December 31, 2019**

Long-Term Debt

The Town's governmental and business type activities long-term debt consists of accrued compensated absences payable and equipment leases. See Note 5 for more details.

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 2019 impact fees collected were \$1,394,320 and \$1,886,310 was spent on a new street construction projects.

Park Fund

The Park Fund is responsible for accounting for impact fees that are legally restricted for growth related capital improvements. Total 2019 impact fees collected were \$753,200 and \$123,020 was spent on park improvement projects.

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 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

The Town of Severance
Management Discussion and Analysis
December 31, 2019

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 phase two of the Downtown Drainage Project, paving existing gravel streets, 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 for the region as well. The Town will also continue to purchase water supplies, participate in the NISP storage and supply project, and maintain sewer infrastructure for 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 nmueller@townofseverance.org.

BASIC FINANCIAL STATEMENTS

Town of Severance
STATEMENT OF NET POSITION
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 11,706,419	\$ 3,133,358	\$ 14,839,777
Cash and investments - Restricted	6,353,562	17,483,862	23,837,424
Interest receivable	28,181	-	28,181
Utility receivable	-	120,432	120,432
Grant receivable	80,000	-	80,000
Developer receivables	168,694	-	168,694
Due from other governments	243,227	-	243,227
Other receivables	37,018	294,062	331,080
Property taxes receivable	1,442,270	-	1,442,270
Prepaid expenses	1,188	-	1,188
Capital assets, not being depreciated	3,987,152	34,689,735	38,676,887
Capital assets, net	10,227,579	12,066,289	22,293,868
Total assets	34,275,290	67,787,738	102,063,028
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	119,754	-	119,754
Total deferred outflows of resources	119,754	-	119,754
LIABILITIES			
Accounts payable	1,036,113	376,033	1,412,146
Accrued liabilities	49,787	-	49,787
Deposits and escrow	35,186	14,000	49,186
Unearned revenue	1,780	-	1,780
Due to other governments	75,535	-	75,535
Accrued interest payable	2,038	772	2,810
Noncurrent liabilities			
Due within one year	41,997	12,230	54,227
Due in more than one year	90,431	30,642	121,073
Net pension liability	30,524	-	30,524
Total liabilities	1,363,391	433,677	1,797,068
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	1,442,270	-	1,442,270
Related to pension	47,668	-	47,668
Total deferred inflows of resources	1,489,938	-	1,489,938
NET POSITION			
Net investment in capital assets	14,131,897	46,732,596	60,864,493
Restricted for:			
Emergency reserves	266,300	-	266,300
Street projects	1,601,351	-	1,601,351
Park projects	2,351,896	-	2,351,896
Storm drainage	1,509,391	-	1,509,391
Conservation trust	348,657	-	348,657
System capacity and improvements	-	17,469,862	17,469,862
Unrestricted	11,332,223	3,151,603	14,483,826
Total net position	\$ 31,541,715	\$ 67,354,061	\$ 98,895,776

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, 2019

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	\$ 863,671	\$ 935,351	\$ 208,358	\$ 1,036,217	\$ 1,316,255	\$ -	\$ 1,316,255
Community development	1,121,604	1,304,822	-	-	183,218	-	183,218
Public safety	865,616	67,741	-	-	(797,875)	-	(797,875)
Public works	823,782	-	778,906	1,394,320	1,349,444	-	1,349,444
Parks and recreation	141,282	26,036	48,562	753,200	686,516	-	686,516
Interest on long-term debt and related costs	23,453	-	-	-	(23,453)	-	(23,453)
Acceptance of assets	60,340	-	-	3,017,005	2,956,665	-	2,956,665
Total governmental activities	\$ 3,899,748	\$ 2,333,950	\$ 1,035,826	\$ 6,200,742	5,670,770	-	5,670,770
Business-type activities:							
Water	\$ 1,240,292	\$ 1,255,018	\$ -	\$ 12,713,226	-	12,727,952	12,727,952
Sewer	793,342	678,124	-	3,570,056	-	3,454,838	3,454,838
Total business-type activities	\$ 2,033,634	\$ 1,933,142	\$ -	\$ 16,283,282	-	16,182,790	16,182,790
General revenues:							
Property taxes					909,932	-	909,932
Specific ownership taxes					61,222	-	61,222
Sales taxes					828,467	-	828,467
Use taxes					2,427,107	-	2,427,107
Interest income					366,925	472,868	839,793
Other revenues					27,496	-	27,496
Total general revenues					4,621,149	472,868	5,094,017
Change in net position					10,291,919	16,655,658	26,947,577
Net position - beginning					21,249,796	50,698,403	71,948,199
Net position - ending					\$ 31,541,715	\$ 67,354,061	\$ 98,895,776

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

Town of Severance
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019

	<u>General Fund</u>	<u>Street Impact Fund</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 11,706,419	\$ -	\$ -	\$ 11,706,419
Cash and investments - Restricted	1,775,691	1,872,253	2,705,618	6,353,562
Interest receivable	28,181	-	-	28,181
Prepaid expenses	1,188	-	-	1,188
Developer receivables	168,694	-	-	168,694
Due from other governments	243,227	-	-	243,227
Other receivables	37,018	-	-	37,018
Grant receivable	80,000	-	-	80,000
Property taxes receivable	1,442,270	-	-	1,442,270
Total assets	<u>\$ 15,482,688</u>	<u>\$ 1,872,253</u>	<u>\$ 2,705,618</u>	<u>\$ 20,060,559</u>
LIABILITIES				
Accounts payable	760,146	270,902	5,065	1,036,113
Accrued liabilities	49,787	-	-	49,787
Deposits and escrow	35,186	-	-	35,186
Unearned revenue	1,780	-	-	1,780
Due to other governments	75,535	-	-	75,535
Total liabilities	<u>922,434</u>	<u>270,902</u>	<u>5,065</u>	<u>1,198,401</u>
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	1,442,270	-	-	1,442,270
Total deferred inflows of resources	<u>1,442,270</u>	<u>-</u>	<u>-</u>	<u>1,442,270</u>
FUND BALANCES				
Nonspendable:				
Prepaid amounts	1,188	-	-	1,188
Restricted for:				
Emergencies	266,300	-	-	266,300
Street projects	-	1,601,351	-	1,601,351
Park projects	-	-	2,351,896	2,351,896
Storm drainage	1,509,391	-	-	1,509,391
Conservation trust	-	-	348,657	348,657
Assigned for:				
Subsequent year's expenditures	4,169,849	-	-	4,169,849
Unassigned	7,171,256	-	-	7,171,256
Total fund balances	<u>13,117,984</u>	<u>1,601,351</u>	<u>2,700,553</u>	<u>17,419,888</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,482,688</u>	<u>\$ 1,872,253</u>	<u>\$ 2,705,618</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

3,987,152

Capital assets, net

10,227,579

Deferred outflows and inflows of resources that represent acquisition or consumption of net position that applies to future and, therefore, are not reported in the funds.

Deferred outflows - pension

119,754

Deferred inflows - pension

(47,668)

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

Capital leases payable

(82,834)

Accrued interest payable

(2,038)

Accrued compensated absences

(49,594)

Net pension liability

(30,524)

Net position of governmental activities

\$ 31,541,715

Town of Severance
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	General Fund	Street Impact Fund	Other Funds	Total Governmental Funds
Revenues				
Taxes	\$ 4,361,251	\$ -	\$ -	\$ 4,361,251
Intergovernmental revenues	987,264	-	48,562	1,035,826
Licenses and permits	1,998,875	-	-	1,998,875
Fines and forfeitures	63,691	-	-	63,691
Charges for services	136,861	-	-	136,861
Impact fees	1,036,217	1,394,320	753,200	3,183,737
Investment earnings	262,700	50,250	53,975	366,925
Other revenues	27,496	-	-	27,496
Total revenues	<u>8,874,355</u>	<u>1,444,570</u>	<u>855,737</u>	<u>11,174,662</u>
Expenditures				
Current				
General government	761,614	-	-	761,614
Community development	1,121,604	-	-	1,121,604
Public safety	880,841	-	-	880,841
Public works	542,504	-	-	542,504
Parks, recreation, and other	60,844	-	-	60,844
Capital outlay	1,897,907	1,886,310	123,020	3,907,237
Debt service	44,771	-	-	44,771
Total expenditures	<u>5,310,085</u>	<u>1,886,310</u>	<u>123,020</u>	<u>7,319,415</u>
Excess of revenues over (under) expenditures	<u>3,564,270</u>	<u>(441,740)</u>	<u>732,717</u>	<u>3,855,247</u>
Other financing sources (uses)				
Transfers in(out)	(103,835)	103,835	-	-
Total other financing sources and (uses)	<u>(103,835)</u>	<u>103,835</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,460,435	(337,905)	732,717	3,855,247
Fund balances - beginning	<u>9,657,549</u>	<u>1,939,256</u>	<u>1,967,836</u>	<u>13,564,641</u>
Fund balances - ending	<u>\$ 13,117,984</u>	<u>\$ 1,601,351</u>	<u>\$ 2,700,553</u>	<u>\$ 17,419,888</u>

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, 2019

Net change in fund balances - governmental funds:	\$ 3,855,247
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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	3,864,115
Acceptance of assets	3,017,005
Depreciation expense	(507,328)

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	41,075
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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	978
Accrued compensated absences - Change in liability	(20,735)
Pension related - net expense	41,562

Change in net position of governmental activities	<u>\$ 10,291,919</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, 2019

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 2,711,538	\$ 421,820	\$ 3,133,358
Cash and investments - Restricted	13,146,450	4,337,412	17,483,862
Utility receivable	57,549	62,883	120,432
Other receivable	-	294,062	294,062
Capital assets, not being depreciated	34,106,044	583,691	34,689,735
Capital assets, net	3,615,488	8,450,801	12,066,289
Total assets	<u><u>\$ 53,637,069</u></u>	<u><u>\$ 14,150,669</u></u>	<u><u>\$ 67,787,738</u></u>
LIABILITIES			
Accounts payable	359,458	16,575	376,033
Deposits and escrow	14,000	-	14,000
Accrued interest payable	386	386	772
Non-current liabilities			
Due within one year	6,115	6,115	12,230
Due in more than one year	15,321	15,321	30,642
Total liabilities	<u><u>395,280</u></u>	<u><u>38,397</u></u>	<u><u>433,677</u></u>
NET POSITION			
Net investment in capital assets	37,709,818	9,022,778	46,732,596
Restricted	13,132,450	4,337,412	17,469,862
Unrestricted	2,399,521	752,082	3,151,603
Total net position	<u><u>\$ 53,241,789</u></u>	<u><u>\$ 14,112,272</u></u>	<u><u>\$ 67,354,061</u></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, 2019

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating revenues			
Utility charges	\$ 955,518	\$ 678,124	\$ 1,633,642
Other charges for services	299,500	-	299,500
Total revenues	<u>1,255,018</u>	<u>678,124</u>	<u>1,933,142</u>
Operating expenses			
Overhead expenses	296,419	296,419	592,838
Administrative/Office expenses	14,778	10,870	25,648
Operating supplies	260,562	20,460	281,022
Professional fees	16,117	91,640	107,757
Repairs and maintenance	23,972	14,350	38,322
Treatment	415,383	74,603	489,986
Telephone and utilities	16,238	38,626	54,864
Other operating expenses	94,981	11,857	106,838
Depreciation expense	101,456	234,131	335,587
Total expenditures	<u>1,239,906</u>	<u>792,956</u>	<u>2,032,862</u>
Operating income (loss)	<u>15,112</u>	<u>(114,832)</u>	<u>(99,720)</u>
Other income (expense)			
Investment earnings	337,822	135,046	472,868
Interest expense	(386)	(386)	(772)
Total other income (expense)	<u>337,436</u>	<u>134,660</u>	<u>472,096</u>
Contributed capital			
Plant investment fees	4,489,600	2,995,004	7,484,604
Cash in lieu of dedication	4,181,797	-	4,181,797
Dedicated assets	4,041,829	575,052	4,616,881
Total contributed capital	<u>12,713,226</u>	<u>3,570,056</u>	<u>16,283,282</u>
Change in net position	13,065,774	3,589,884	16,655,658
Net position - beginning	<u>40,176,015</u>	<u>10,522,388</u>	<u>50,698,403</u>
Net position - ending	<u>\$ 53,241,789</u>	<u>\$ 14,112,272</u>	<u>\$ 67,354,061</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, 2019

	Water Fund	Sewer Fund	Total
Cash flows from operating activities			
Cash received from customers	\$ 1,326,209	\$ 759,698	\$ 2,085,907
Cash payments to employees for services	(292,220)	(292,220)	(584,440)
Cash payments to suppliers for goods and services	(1,111,576)	(277,646)	(1,389,222)
Net cash provided/(used) by operating activities	<u>(77,587)</u>	<u>189,832</u>	<u>112,245</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(5,121,232)	(4,329,096)	(9,450,328)
Tap fees received	8,671,397	2,995,004	11,666,401
Debt payments	(6,148)	(6,148)	(12,296)
Net cash provided/(used) by capital and related financing activities	<u>3,544,017</u>	<u>(1,340,240)</u>	<u>2,203,777</u>
Cash flows from investing activities			
Investment earnings received	337,822	135,046	472,868
Net cash provided by investing activities	<u>337,822</u>	<u>135,046</u>	<u>472,868</u>
Net increase (decrease) in cash and cash equivalents	3,804,252	(1,015,362)	2,788,890
Cash and cash equivalents - beginning of year	<u>12,053,736</u>	<u>5,774,594</u>	<u>17,828,330</u>
Cash and cash equivalents - end of year	<u><u>\$ 15,857,988</u></u>	<u><u>\$ 4,759,232</u></u>	<u><u>\$ 20,617,220</u></u>
 Reconciliation of operating income to net cash provided by operating activities			
Operating income/(loss)	<u>\$ 15,112</u>	<u>\$ (114,832)</u>	<u>\$ (99,720)</u>
 Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	101,456	234,131	335,587
(Increase) decrease in:			
Utility receivable	44,691	(8,216)	36,475
Accounts receivable	26,500	89,790	116,290
Increase (decrease) in:			
Accounts payable	(277,545)	(15,240)	(292,785)
Deposits and escrow	8,000	-	8,000
Compensated absences	4,199	4,199	8,398
 Net cash provided/(used) by operating activities	<u><u>\$ (77,587)</u></u>	<u><u>\$ 189,832</u></u>	<u><u>\$ 112,245</u></u>

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

Town of Severance

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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, 2019.

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, 2019

The statement of net position reports all financial and capital resources of the Town. The difference between the sum of assets and deferred outflows of resources and the sum of 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, 2019

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.

During 2019, the Town amended its Sewer Fund budget for the year ended December 31, 2019.

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.

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, 2019

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, 2019

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 has an item that related to its pension that qualifies for reporting in this category. Accordingly, this item is deferred and will be recognized as an outflow of resources in the period the resource is required for use.

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 two items that qualify for reporting in this category. Accordingly, the items, deferred property tax revenue and pension related items, are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions and Postemployment Benefits Other Than Pensions (OPEB)

The Town participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pensions plan administered by the Fire and Police Pension Association of Colorado (FPPA). FPPA administers the Statewide Death and Disability Plan discussed in Note 9, which qualifies as a cost sharing multiple-employer defined benefit OPEB plan under the standard. The plan covers substantially all active full-time (and some part-time) employees of the fire and police departments in Colorado. As it pertains to the requirements of GASB Statement No. 75 regarding the FPPA Statewide Death and Disability Plan and the Town, FPPA concluded that because all contributions to the plan are considered member contributions (and not employer), the employers' proportionate share of any FPPA Net OPEB liability(asset) is zero.

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the plans have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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:

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

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.

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, 2019, the Town had \$266,300 restricted by legislation (for emergencies), \$348,657 restricted for parks and recreation (Conservation Trust), \$1,601,351 for street projects, \$1,509,391 for a storm drainage project and \$2,351,896 for park projects.

At December 31, 2019, the Town had \$4,169,849 in assigned balance for subsequent year's expenditures.

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

Note 3 Cash and Investments

Cash and investments are reflected on the December 31, 2019 Statement of Net Position as follows:

Cash and investments	\$ 14,839,777
Cash and investments-Restricted	23,837,424
Total cash and investments	<u>\$ 38,677,201</u>

Cash and investments at December 31, 2019 consist of the following:

Cash on hand	\$ 1,177
Deposits with financial institutions	386,822
Investments	38,289,202
Total cash and investments	<u>\$ 38,677,201</u>

At December 31, 2019, the Town's cash deposits had bank balances of \$326,712 and carrying balances of \$386,822.

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.

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, 2019, the Town's bank balances and carrying balances were insured or collateralized as follows:

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

Bank balances	
Federally insured	\$ 282,342
Collateralized	44,370
Total bank balances	<u>\$ 326,712</u>
Carrying balances	
Federally insured	\$ 284,679
Collateralized	102,143
Total carrying balances	<u>\$ 386,822</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

As of December 31, 2019, the Town had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (Colotrust)	Weighted average under 60 days	<u>\$ 38,289,202</u>

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

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.

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

Note 4 Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land and improvements	\$ 518,485	\$ 303,667	\$ -	\$ 822,152
Construction in Progress	217,094	3,050,692	102,786	3,165,000
Total capital assets not being depreciated	<u>735,579</u>	<u>3,354,359</u>	<u>102,786</u>	<u>3,987,152</u>
Capital assets being depreciated:				
Infrastructure	8,169,467	3,237,079	-	11,406,546
Buildings	1,430,586	38,576	-	1,469,162
Vehicles	563,199	136,365	-	699,564
Equipment	472,962	217,527	-	690,489
Total capital assets being depreciated	<u>10,636,214</u>	<u>3,629,547</u>	<u>-</u>	<u>14,265,761</u>
Less accumulated depreciation:				
Infrastructure	2,644,905	360,405	-	3,005,311
Buildings	305,110	47,022	-	352,132
Vehicles	247,829	55,040	-	302,869
Equipment	333,010	44,861	-	377,871
Total accumulated depreciation	<u>3,530,855</u>	<u>507,328</u>	<u>-</u>	<u>4,038,183</u>
Total capital assets, net	<u>\$ 7,840,939</u>	<u>\$ 6,476,578</u>	<u>\$ 102,786</u>	<u>\$ 14,214,731</u>
Depreciation is charged to the Town's Governmental Activities as follows:				
General government depreciation		\$ 58,935		
Public works depreciation		341,618		
Public safety depreciation		26,337		
Park and recreation depreciation		80,438		
Total depreciation		<u>\$ 507,328</u>		

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Water rights	\$ 20,577,500	\$ 7,360,156	\$ -	\$ 27,937,656
Northern Integrated Supply Proj. in progress	1,686,328	453,741	-	2,140,069
North Weld County Water Dist. Capacity	3,398,850	-	-	3,398,850
Construction in progress	115,179	1,097,982	-	1,213,161
Total capital assets not being depreciated	<u>25,777,856</u>	<u>8,911,879</u>	<u>-</u>	<u>34,689,735</u>
Capital assets being depreciated:				
Water System	3,371,797	737,483	-	4,109,280
Sewer System	6,124,750	4,319,853	-	10,444,603
Buildings	233,714	-	-	233,714
Equipment	224,063	97,994	-	322,057
Total capital assets being depreciated	<u>9,954,323</u>	<u>5,155,330</u>	<u>-</u>	<u>15,109,653</u>
Less accumulated depreciation:				
Water System	611,102	79,557	-	690,659
Sewer System	1,900,920	217,986	-	2,118,906
Buildings	68,827	7,660	-	76,486
Equipment	126,928	30,385	-	157,313
Total accumulated depreciation	<u>2,707,777</u>	<u>335,587</u>	<u>-</u>	<u>3,043,364</u>
Total capital assets, net	<u>\$ 33,024,402</u>	<u>\$ 13,731,622</u>	<u>\$ -</u>	<u>\$ 46,756,024</u>
Depreciation is charged to the Town's Business-Type Activities as follows:				
Depreciation - Water		\$ 101,456		
Depreciation - Sewer		234,131		
Total Depreciation		<u>\$ 335,587</u>		

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

Note 5 Noncurrent liabilities

The following is a summary of the changes in noncurrent liabilities of the Town for the year ended December 31, 2019:

	Balance at December 31, 2018	Additions	Reductions	Balance at December 31, 2019	Due Within One Year
Governmental Activities:					
Capital lease obligations	\$ 123,909	\$ -	\$ 41,075	\$ 82,834	\$ 41,997
Compensated absences	28,859	25,319	4,584	49,594	-
	<u>\$ 152,768</u>	<u>\$ 25,319</u>	<u>\$ 45,659</u>	<u>\$ 132,428</u>	<u>\$ 41,997</u>
Business-type Activities:					
Capital lease obligations	\$ 34,674	\$ -	\$ 11,246	\$ 23,428	\$ 12,230
Compensated absences	11,046	10,386	1,988	19,444	-
	<u>\$ 45,720</u>	<u>\$ 10,386</u>	<u>\$ 13,234</u>	<u>\$ 42,872</u>	<u>\$ 12,230</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 payments as of December 31, 2019 were as follows:

Year	Minimum Annual Payment
2020	\$ 54,227
2021	52,035
Total	<u>\$ 106,262</u>

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

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, 2019, the Town had net investment in capital assets as follows:

	Governmental Activities	Business-type Activites
Net investment in capital assets:		
Capital assets, net	\$ 14,214,731	\$ 46,756,024
Current portion of long-term debt	(41,997)	(12,230)
Long-term debt due in more than one year	(40,837)	(11,198)
Net investment in capital assets	<u>\$ 14,131,897</u>	<u>\$ 46,732,596</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, 2019, the Town had restricted net position as follows:

	Governmental Activities	Business-type Activites
Restricted net position:		
Emergency reserve	\$ 266,300	\$ -
Street projects	1,601,351	-
Park projects	2,351,896	-
Storm drainage	1,509,391	-
Conservation trust	348,657	-
System capacity and improvements	-	17,469,862
Total restricted net position	<u>\$ 6,077,595</u>	<u>\$ 17,469,862</u>

As of December 31, 2019, the Town had unrestricted net position of \$11,332,223 in governmental activities and unrestricted net position in business-type activities of \$3,151,603.

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, 2019

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's share of expenditures in 2019 from the project account amounted to \$89,790.

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 \$3,744,800 for additional capacity in 2019.

Water Service Agreement

North Weld County Water District (the District) and the Town entered into an Amended and Restated Water Service Agreement on March 5, 2019, to provide treated potable water to the Town. Per this agreement, the District shall furnish, and the Town shall purchase and receive from the District, water for the operation of the Town's water system. The Town is required to purchase plant investment taps for the use of water and capacity provided by and through the District's system. Whenever peak demands exceed the level upon which the initial, or then existing, plant investment taps have been

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

calculated, additional plant investment taps shall be purchased. The additional fee shall consist of a base fee and a distance fee. The plant investment fee is determined on an annual basis based on a periodic percentage increase adopted by the Board of Directors of the District, or in accordance with a rate study or revised rate study adopted by the Board of Directors of the District. In addition to purchasing plant investment taps for capacity and conveyance of water, the Town is billed a monthly usage charge for the treatment and delivery of water to the Town's water system. Usage charges are determined from a percentage increase authorized by the Board of Directors of the District or from a rate study performed by an independent professional consultant and adopted by the Board of Directors of the District.

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 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 \$32,597 in 2019. 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

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

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 Statewide 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 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 SWDB plan and their employers are contributing at the rate of 10.5 percent and 8 percent respectively, of base salary for a total contribution of 18.5 percent in 2019. 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 \$26,961 for the year ended December 31, 2019.

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

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

At December 31, 2019, the Town reported a liability of \$30,524 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportionate of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2018, the Town's proportion was 0.02414 percent, which was an increase of 0.02414 percent from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Town recognized pension expense of (\$41,562). At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 39,220	\$ 326
Changes of Assumptions or other Inputs	29,561	-
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	24,012	-
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
Share of Contributions	-	47,342
Contributions Subsequent to the Measurement Date	26,961	-
Total	<u>\$ 119,754</u>	<u>\$ 47,668</u>

\$26,961 in total reported as deferred outflows of resources related to pension resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2020	\$ 12,045
2021	7,033
2022	5,174
2023	12,157
2024	3,099
Thereafter	5,617

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial Valuation Date	January 1, 2019	January 1, 2018
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	7.0%	7.5%
Projected Salary Increases*	4.25 - 11.25%	4.0 - 14.0%
Cost of Living Adjustments (COLA)	0.0%	0.0%
*Includes Inflation at	2.5%	2.5%

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

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustments projected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55 percent of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by FPPA's actuaries based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of the total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions as of December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as the purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2018 are summarized in the following table:

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37.00 %	8.03 %
Equity Long/Short	9.00	6.45
Illiquid Alternatives	24.00	10.00
Fixed Income	15.00	2.90
Absolute Return	9.00	5.08
Managed Futures	4.00	5.35
Cash	2.00	2.52
Total	<u>100.00</u>	

Discount Rate

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

Sensitivity of the Town's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 118,367	\$ 30,524	\$ (42,341)

Pension Plan Fiduciary Net Position

Detailed information about the SWDB's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained at <http://www.fppaco.org>.

Town of Severance

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2019

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, 2019.

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, 2019 the Town had construction commitments of \$120,432 related to the construction of the public works building and street improvement projects.

Note 11 Internal Transfers

The General Fund transferred \$103,835 to the Street Impact Fund to provide funding for street projects.

Note 12 Tax, Spending, and Debt Limitation

Colorado voters 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

Town of Severance

**NOTES TO FINANCIAL STATEMENTS
(continued)**

December 31, 2019

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, 2019

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes			
Property taxes	\$ 910,073	\$ 909,932	\$ (141)
Specific ownership taxes	45,000	61,222	16,222
Sales and use taxes	2,040,000	3,255,574	1,215,574
Franchise fees	100,000	134,523	34,523
Total tax revenues	<u>3,095,073</u>	<u>4,361,251</u>	<u>1,266,178</u>
Intergovernmental revenues			
Cigarette taxes	1,000	1,800	800
Highway users	170,000	219,341	49,341
Road and bridge	45,000	59,315	14,315
Clerk/Motor vehicle fees	18,000	23,353	5,353
Mineral lease	25,000	44,518	19,518
Severance tax	45,000	138,687	93,687
State grants	500,000	500,250	250
Total intergovernmental revenues	<u>804,000</u>	<u>987,264</u>	<u>183,264</u>
Licenses and permits			
Liquor licenses	1,000	923	(77)
Building permits	1,000,000	1,304,822	304,822
Animal licenses	2,500	2,039	(461)
Business licenses	3,500	5,195	1,695
Other licenses	834,000	685,896	(148,104)
Total licenses and permits	<u>1,841,000</u>	<u>1,998,875</u>	<u>157,875</u>
Fines and forfeitures	<u>18,100</u>	<u>63,691</u>	<u>45,591</u>
Charges for services			
Special events charges	10,000	26,036	16,036
Rents	38,000	40,432	2,432
Other charges for services	17,100	1,106,610	1,089,510
Total charges for services	<u>65,100</u>	<u>1,173,078</u>	<u>1,107,978</u>
Other			
Investment earnings	150,500	262,700	112,200
Insurance proceeds/recoveries	-	10,903	10,903
Other miscellaneous revenue	23,625	16,593	(7,032)
Total other revenue	<u>174,125</u>	<u>290,196</u>	<u>116,071</u>
Total revenues	<u>5,997,398</u>	<u>8,874,355</u>	<u>2,876,957</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, 2019

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES			
General government			
Personnel services	415,256	366,971	48,285
Insurance	24,250	22,252	1,998
Professional fees	122,000	70,716	51,284
Election	5,000	-	5,000
Repairs and maintenance	18,000	17,914	86
Supplies	14,000	9,911	4,089
Telephone and utilities	7,000	15,421	(8,421)
Traveling and training	31,000	27,336	3,664
Other expenses	122,201	231,093	(108,892)
Total general government	<u>758,707</u>	<u>761,614</u>	<u>(2,907)</u>
Community development			
Personnel services	87,056	87,998	(942)
Professional fees	6,000	1,816	4,184
Building inspections	725,000	914,785	(189,785)
Other expenses	91,000	117,005	(26,005)
Total community development	<u>909,056</u>	<u>1,121,604</u>	<u>(212,548)</u>
Public safety			
Personnel services	664,798	707,246	(42,448)
Contract labor	59,000	61,319	(2,319)
Fuel and automotive	3,500	12,843	(9,343)
Insurance	7,500	10,542	(3,042)
Professional fees	21,250	21,183	67
Repairs and maintenance	10,000	11,893	(1,893)
Supplies	6,750	10,774	(4,024)
Telephone and utilities	3,000	7,878	(4,878)
Traveling and training	5,650	6,864	(1,214)
Other expenses	63,935	30,299	33,636
Total public safety	<u>845,383</u>	<u>880,841</u>	<u>(35,458)</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, 2019

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Public works			
Personnel services	275,858	276,588	(730)
Fuel and automotive	24,000	23,698	302
Insurance	20,000	20,023	(23)
Professional fees	10,000	2,711	7,289
Repairs and maintenance	157,000	96,610	60,390
Supplies	7,000	5,906	1,094
Telephone and utilities	11,000	10,921	79
Traveling and training	3,000	3,166	(166)
Other expenses	124,750	102,881	21,869
Total public works	<u>632,608</u>	<u>542,504</u>	<u>90,104</u>
Parks, recreation and other			
Personnel services	21,590	9,037	12,553
Professional fees	1,000	-	1,000
Repairs and maintenance	18,000	19,323	(1,323)
Supplies	7,500	7,373	127
Telephone and utilities	16,000	11,389	4,611
Traveling and training	375	-	375
Other expenses	14,000	13,722	278
Total parks, recreation, and other	<u>78,465</u>	<u>60,844</u>	<u>17,621</u>
Capital outlay			
General government capital outlay	583,750	384,599	199,151
Community development capital outlay	260,000	55,622	204,378
Public safety capital outlay	410,000	225,952	184,048
Public works capital outlay	2,420,000	1,231,734	1,188,266
Total capital outlay	<u>3,673,750</u>	<u>1,897,907</u>	<u>1,775,843</u>
Debt service			
Principal	43,931	44,771	(840)
Total expenditures	<u>6,941,900</u>	<u>5,310,085</u>	<u>1,631,815</u>
Excess of revenues over expenditures	<u>(944,502)</u>	<u>3,564,270</u>	<u>4,508,772</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers (out)	(620,000)	(103,835)	(516,165)
Total other financing sources (uses)	<u>(620,000)</u>	<u>(103,835)</u>	<u>(516,165)</u>
Net change in fund balances	<u>(1,564,502)</u>	<u>3,460,435</u>	<u>5,024,937</u>
Fund balances - beginning	<u>9,460,630</u>	<u>9,657,549</u>	<u>196,919</u>
Fund balances - ending	<u>\$ 7,896,128</u>	<u>\$ 13,117,984</u>	<u>\$ 5,221,856</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, 2019

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Road infrastructure fee	\$ 840,000	\$ 1,394,320	\$ 554,320
Investment earnings	23,000	50,250	27,250
Total revenues	<u>863,000</u>	<u>1,444,570</u>	<u>581,570</u>
EXPENDITURES			
Overlays and chip seals	500,000	-	500,000
Street improvements	1,525,000	1,782,475	(257,475)
Guard rails	120,000	103,835	16,165
Drainage improvements	10,000	-	10,000
Equipment	30,000	-	30,000
Master plan	100,000	-	100,000
Professional fees	35,000	-	35,000
Total expenditures	<u>2,320,000</u>	<u>1,886,310</u>	<u>433,690</u>
Excess of expenditures over (under) revenues	(1,457,000)	(441,740)	1,015,260
OTHER FINANCING SOURCES (USES)			
Operating transfers in	620,000	103,835	(516,165)
Total other financing sources (uses)	<u>620,000</u>	<u>103,835</u>	<u>(516,165)</u>
Net change in fund balances	<u>(837,000)</u>	<u>(337,905)</u>	<u>499,095</u>
Fund balances - beginning	<u>1,791,809</u>	<u>1,939,256</u>	<u>147,447</u>
Fund balances - ending	<u><u>\$ 954,809</u></u>	<u><u>\$ 1,601,351</u></u>	<u><u>\$ 646,542</u></u>

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

Town of Severance
SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
FPPA - STATEWIDE DEFINED BENEFIT PLAN

	<u>2019</u>
Plan Measurement Date	December 31, 2018
Town's Proportion of the Net Pension Liability (Asset)	0.024143203%
Town's Proportionate Share of the Net Pension Liability/(Asset)	\$ 30,524
Town's Covered Payroll	\$ 40,402
Town's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	75.5%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.2%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Covered payroll is presented based on the fiscal year. The Town did not participate in the plan prior to the plan measurement date.

Town of Severance
SCHEDULE OF TOWN'S CONTRIBUTIONS
FPPA - STATEWIDE DEFINED BENEFIT PLAN

	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 26,961	\$ 3,232
Contributions in Relation to the Contractually Required Contribution	<u>26,961</u>	<u>3,232</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 337,015	\$ 40,402
Contributions as a Percentage of Covered Payroll	8%	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, 2019

	Conservation Trust Fund	Park Impact Fund	Total Non-Major Governmental Funds
ASSETS			
Cash and investments - Restricted	\$ 348,657	\$ 2,356,961	\$ 2,705,618
Total assets	<u>\$ 348,657</u>	<u>\$ 2,356,961</u>	<u>\$ 2,705,618</u>
LIABILITIES			
Accounts payable	-	5,065	5,065
Total liabilities	<u>-</u>	<u>5,065</u>	<u>5,065</u>
FUND BALANCES			
Restricted for:			
Conservation trust	348,657	-	348,657
Park projects	-	2,351,896	2,351,896
Total fund balances	<u>348,657</u>	<u>2,351,896</u>	<u>2,700,553</u>
Total liabilities and fund balance	<u>\$ 348,657</u>	<u>\$ 2,356,961</u>	<u>\$ 2,705,618</u>

Town of Severance
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	Conservation Trust Fund	Park Impact Fund	Total Non-Major Governmental Funds
Revenues			
Intergovernmental revenues	\$ 48,562	\$ -	\$ 48,562
Impact fees	-	753,200	753,200
Investment earnings	7,294	46,681	53,975
Total revenues	<u>55,856</u>	<u>799,881</u>	<u>855,737</u>
Expenditures			
Capital outlay	-	123,020	123,020
Total expenditures	<u>-</u>	<u>123,020</u>	<u>123,020</u>
Excess of revenues over (under) expenditures	<u>55,856</u>	<u>676,861</u>	<u>732,717</u>
Fund balances - beginning	<u>292,801</u>	<u>1,675,035</u>	<u>1,967,836</u>
Fund balances - ending	<u><u>\$ 348,657</u></u>	<u><u>\$ 2,351,896</u></u>	<u><u>\$ 2,700,553</u></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, 2019

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ 42,000	\$ 48,562	\$ 6,562
Investment earnings	3,000	7,294	4,294
Total revenues	<u>45,000</u>	<u>55,856</u>	<u>10,856</u>
EXPENDITURES			
Parks, recreation and other	300,000	-	300,000
Total expenditures	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Excess of revenues over expenditures	<u>(255,000)</u>	<u>55,856</u>	<u>310,856</u>
Fund balances - beginning	<u>290,364</u>	<u>292,801</u>	<u>2,437</u>
Fund balances - ending	<u><u>\$ 35,364</u></u>	<u><u>\$ 348,657</u></u>	<u><u>\$ 313,293</u></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, 2019

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Impact fees	\$ 640,000	\$ 753,200	\$ 113,200
Investment earnings	20,000	46,681	26,681
Total revenues	<u>660,000</u>	<u>799,881</u>	<u>139,881</u>
EXPENDITURES			
Parks, recreation and other	1,220,000	85,106	1,134,894
Contract services	10,000	-	10,000
Equipment	35,000	37,914	(2,914)
Total expenditures	<u>1,265,000</u>	<u>123,020</u>	<u>1,144,894</u>
Excess of revenues over expenditures	<u>(605,000)</u>	<u>676,861</u>	<u>1,284,775</u>
Fund balances - beginning	<u>1,676,922</u>	<u>1,675,035</u>	<u>(1,887)</u>
Fund balances - ending	<u><u>\$ 1,071,922</u></u>	<u><u>\$ 2,351,896</u></u>	<u><u>\$ 1,279,974</u></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, 2019

	Original and Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
Operating revenues			
Utility charges	\$ 1,000,000	\$ 955,518	\$ (44,482)
Other charges for services	260,000	299,500	39,500
Total revenues	<u>1,260,000</u>	<u>1,255,018</u>	<u>(4,982)</u>
Operating expenses			
Overhead expenses	307,466	296,419	11,047
Administrative/Office expenses	-	14,778	(14,778)
Operating supplies	210,500	260,562	(50,062)
Professional fees	21,500	16,117	5,383
Repairs and maintenance	11,000	23,972	(12,972)
Travel and training	500	-	500
Treatment	540,000	415,383	124,617
Telephone and utilities	20,000	16,238	3,762
Other operating expenses	112,800	94,981	17,819
Capital outlay	7,726,875	5,121,232	2,605,643
Total expenditures	<u>8,950,641</u>	<u>6,259,682</u>	<u>2,690,959</u>
Operating income (loss)	<u>(7,690,641)</u>	<u>(5,004,664)</u>	<u>2,685,977</u>
Other income (expense)			
Investment earnings	125,000	337,822	212,822
Bond proceeds	1,358,750	-	(1,358,750)
Other revenue	1,000	-	(1,000)
Debt service	(6,148)	(386)	(5,762)
Total other income (expense)	<u>1,478,602</u>	<u>337,436</u>	<u>(1,152,690)</u>
Contributed capital			
Plant investment fees	3,660,000	4,489,600	829,600
Cash in lieu of fees	4,000,000	4,181,797	181,797
Total contributed capital	<u>7,660,000</u>	<u>8,671,397</u>	<u>1,011,397</u>
Excess (deficiency) of revenues over (under) expenditures	1,447,961	4,004,169	2,556,208
Funds available - beginning	<u>9,720,126</u>	<u>11,538,947</u>	<u>1,818,821</u>
Funds available - ending	<u>\$ 11,168,087</u>	<u>\$ 15,543,116</u>	<u>\$ 4,375,029</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, 2019

Revenue (budgetary basis)	\$ 10,264,237
Dedicated assets	<u>4,041,829</u>
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>14,306,066</u>
Expenditures (budgetary basis)	6,259,682
Depreciation	101,456
Capital expenditures	(5,121,232)
Debt service	<u>386</u>
Total expenditures per Statement of Revenues, Expenses and Changes in Net Position	<u>1,240,292</u>
Change in net position per Statement of Revenues, Expenses, and Changes in Net Position	<u><u>\$ 13,065,774</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, 2019

	Original Budget Amounts	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
Operating revenues				
Utility charges	\$ 600,000	\$ 600,000	\$ 678,124	\$ 78,124
Total revenues	<u>600,000</u>	<u>600,000</u>	<u>678,124</u>	<u>78,124</u>
Operating expenses				
Personnel services	307,466	307,466	296,419	11,047
Administrative/Office expenses	-	-	10,870	(10,870)
Operating supplies	38,000	38,000	20,460	17,540
Professional fees	20,500	20,500	91,640	(71,140)
Repairs and maintenance	105,000	105,000	14,350	90,650
Treatment	45,000	45,000	74,603	(29,603)
Telephone and utilities	38,000	38,000	38,626	(626)
Other operating expenses	52,500	52,500	11,857	40,643
Capital outlay	1,109,375	4,554,175	4,329,096	225,079
Total expenditures	<u>1,715,841</u>	<u>5,160,641</u>	<u>4,887,921</u>	<u>272,720</u>
Operating income (loss)	<u>(1,115,841)</u>	<u>(4,560,641)</u>	<u>(4,209,797)</u>	<u>350,844</u>
Other income (expense)				
Investment earnings	100,000	100,000	135,046	35,046
Debt service	(6,148)	(6,148)	(386)	5,762
Total other income (expense)	<u>93,852</u>	<u>93,852</u>	<u>134,660</u>	<u>40,808</u>
Contributed capital				
Plant investment fees	2,600,000	2,600,000	2,995,004	395,004
Total contributed capital	<u>2,600,000</u>	<u>2,600,000</u>	<u>2,995,004</u>	<u>395,004</u>
Excess (deficiency) of revenues over (under) expenditures	1,578,011	(1,866,789)	(1,080,133)	786,656
Funds available - beginning	<u>5,972,617</u>	<u>5,796,921</u>	<u>5,796,921</u>	<u>-</u>
Funds available - ending	<u>\$ 7,550,628</u>	<u>\$ 3,930,132</u>	<u>\$ 4,716,788</u>	<u>\$ 786,656</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, 2019

Revenue (budgetary basis)	\$ 3,808,174
Dedicated assets	<u>575,052</u>
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	<u>4,383,226</u>
 Expenditures (budgetary basis)	 4,887,921
Depreciation	234,131
Capital expenditures	(4,329,096)
Debt service	<u>386</u>
Total expenditures per Statement of Revenues, Expenses and Changes in Net Position	<u>793,342</u>
 Change in net position per Statement of Revenues, Expenses, and Changes in Net Position	 <u><u>\$ 3,589,884</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 2019
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	583,778
3. Other local imposts (from page 2)	1,455,542
4. Miscellaneous local receipts (from page 2)	110,225
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	2,149,545
B. Private Contributions	
C. Receipts from State government (from page 2)	242,695
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	2,392,240

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	1,886,310
2. Maintenance:	74,957
3. Road and street services:	
a. Traffic control operations	5,785
b. Snow and ice removal	74,210
c. Other	57,771
d. Total (a. through c.)	137,766
4. General administration & miscellaneous	184,782
5. Highway law enforcement and safety	572,275
6. Total (1 through 5)	2,856,090
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)	2,856,090

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
	1,939,256	2,392,240	2,856,090	1,475,406	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2019	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	50,250
b. Other local imposts:		b. Traffic Fines & Penalties	59,975
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	1,394,320	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	61,222	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,455,542	h. Other	
c. Total (a. + b.)	1,455,542	i. Total (a. through h.)	110,225
	(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	219,341	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	23,354	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.)	23,354	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	242,695	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		1,886,310	1,886,310
(2). Capacity Improvements			0
(3). System Preservation		0	0
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,886,310	1,886,310
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,886,310	1,886,310
			(Carry forward to page 1)

Notes and Comments: