

TOWN OF SEVERANCE, COLORADO
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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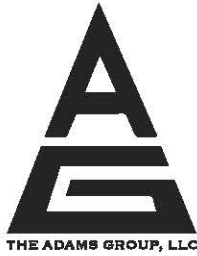
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and the Town Council
Town of Severance, Colorado

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Severance, as of December 31, 2021, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

The Adams Group, LLC

Denver, Colorado
July 14, 2022

TOWN OF SEVERANCE MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2021. 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 \$7,414,661 and business-type net position increased by \$18,111,896 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 2021 by \$152,644,623 (net position). Of this amount, \$16,189,652 (unrestricted net position) may be used to meet the Town's ongoing obligations or unforeseen expenses. \$32,063,884 is restricted for future capital projects, net pension asset, and emergencies.

At the end of 2021 unrestricted net position for the proprietary funds (business-type activities) was \$2,269,102.

As of the close of fiscal year 2021, the Town's General Fund reported an ending fund balance of \$14,231,071 compared to the fiscal year 2020 balance of \$17,892,473. General Fund revenues decreased by \$3,400,773 to \$7,732,071 as of December 31, 2021. General Fund expenditures increased in 2021 by \$1,940,527 to \$7,679,717. This increase in expenditures was primarily due to increased cost for capital outlay when compared to the prior year. The General Fund also had transfers out of \$5,017,924 during 2021. See Note 10.

Using the Basic Financial Statements

The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial 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 six governmental funds including: the General Fund, Conservation Trust Fund, Transportation Fund, Parks Fund, Public Facilities Fund, and the Public Safety 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 three proprietary funds which are the Water Fund, Wastewater Fund, and Stormwater Fund.

TOWN OF SEVERANCE MANAGEMENT'S DISCUSSION AND ANALYSIS

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 position (total assets plus deferred outflows of resources minus total liabilities plus deferred inflows of resources) was \$152,644,623 as of December 31, 2021, and \$127,118,066 as of December 31, 2020. This represents an increase of \$25,526,557.

Government-Wide Financial Statements

The government-wide statements report information about the Town 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, wastewater, and stormwater services.

TOWN OF SEVERANCE MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 22,551,674	\$ 23,701,082	\$ 29,334,437	\$ 27,419,215	\$ 51,886,111	\$ 51,120,297
Capital assets	34,079,750	24,287,162	70,398,189	53,855,188	104,477,939	78,142,350
Net pension asset	105,420	25,861	-	-	105,420	25,861
Total assets	<u>56,736,844</u>	<u>48,014,105</u>	<u>99,732,626</u>	<u>81,274,403</u>	<u>156,469,470</u>	<u>129,288,508</u>
Deferred outflows of resources	<u>166,265</u>	<u>167,823</u>	<u>-</u>	<u>-</u>	<u>166,265</u>	<u>167,823</u>
Liabilities						
Current liabilities	1,367,906	498,584	628,482	239,847	1,996,388	738,431
Long-term liabilities	-	121,714	-	42,308	-	164,022
Total liabilities	<u>1,367,906</u>	<u>620,298</u>	<u>628,482</u>	<u>282,155</u>	<u>1,996,388</u>	<u>902,453</u>
Deferred inflows of resources	<u>1,994,724</u>	<u>1,435,812</u>	<u>-</u>	<u>-</u>	<u>1,994,724</u>	<u>1,435,812</u>
Net position:						
Net investment in capital assets	34,069,536	24,244,212	70,321,551	53,842,924	104,391,087	78,087,136
Restricted	5,550,393	7,106,556	26,513,491	23,630,466	32,063,884	30,737,022
Unrestricted	<u>13,920,550</u>	<u>14,775,050</u>	<u>2,269,102</u>	<u>3,518,858</u>	<u>16,189,652</u>	<u>18,293,908</u>
Total net position	<u>\$ 53,540,479</u>	<u>\$ 46,125,818</u>	<u>\$ 99,104,144</u>	<u>\$ 80,992,248</u>	<u>\$ 152,644,623</u>	<u>\$ 127,118,066</u>

The statement of net position reflects a cash and investments position totaling \$48,771,822 or 32% of total assets. The bulk of the Town's resources, \$104,391,087 or 68% of total assets, are invested in capital assets. These assets consist of land and improvements, buildings, equipment, infrastructure, and utility system assets.

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

Changes in Net Position

Governmental activities increased the Town of Severance's net position by \$7,414,661. Business-type activities increased the Town's net position by \$18,111,896. A summary of the changes in net position is as follows:

TOWN OF SEVERANCE MANAGEMENT'S DISCUSSION AND ANALYSIS

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,721,260	\$ 2,932,332	\$ 2,928,894	\$ 2,383,998	\$ 4,650,154	\$ 5,316,330
Operating grants and contributions	839,832	632,363	-	-	839,832	632,363
Capital grants and contributions	12,527,702	10,576,343	14,546,039	13,554,152	27,073,741	24,130,495
General revenues:						
Property taxes and SOT	1,382,190	1,415,918	-	-	1,382,190	1,415,918
Sales & use taxes	3,808,807	4,546,568	-	-	3,808,807	4,546,568
Other taxes	174,481	68,458	-	-	174,481	68,458
Investment earnings (loss)	(67,248)	190,542	(97,914)	232,323	(165,162)	422,865
Other revenues	74,654	40,342	-	5,990	74,654	46,332
Internal balances	(3,836,857)	-	3,836,857	-	-	-
Total revenues	<u>16,624,821</u>	<u>20,402,866</u>	<u>21,213,876</u>	<u>16,176,463</u>	<u>37,838,697</u>	<u>36,579,329</u>
Expenses:						
General government	902,661	1,005,872	-	-	902,661	1,005,872
Community development	1,169,079	1,732,040	-	-	1,169,079	1,732,040
Public safety	1,228,219	1,149,710	-	-	1,228,219	1,149,710
Public works	1,426,021	1,761,623	-	-	1,426,021	1,761,623
Parks and recreation	366,427	166,539	-	-	366,427	166,539
Interest expense	981	2,979	-	-	981	2,979
Water	-	-	1,663,559	1,598,383	1,663,559	1,598,383
Wastewater	-	-	1,110,633	939,893	1,110,633	939,893
Stormwater	-	-	327,788	-	327,788	-
Loss on disposal and transfers	4,116,772	-	-	-	4,116,772	-
Total expenses	<u>9,210,160</u>	<u>5,818,763</u>	<u>3,101,980</u>	<u>2,538,276</u>	<u>12,312,140</u>	<u>8,357,039</u>
Change in net position	7,414,661	14,584,103	18,111,896	13,638,187	25,526,557	28,222,290
Net position, January 1,	<u>46,125,818</u>	<u>31,541,715</u>	<u>80,992,248</u>	<u>67,354,061</u>	<u>127,118,066</u>	<u>98,895,776</u>
Net position, December 31,	<u>\$ 53,540,479</u>	<u>\$ 46,125,818</u>	<u>\$ 99,104,144</u>	<u>\$ 80,992,248</u>	<u>\$ 152,644,623</u>	<u>\$ 127,118,066</u>

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 decreased by \$3,661,402 for an ending balance of \$14,231,071 as of December 31, 2021. Total revenues decreased \$3,400,773, which was primarily due to a decrease in property taxes and licenses and permit revenue. Total expenditures increased by \$1,940,527, which was primarily driven by an increase in capital outlay when compared to the prior year. During the year ended December 31, 2021, the General Fund had net transfers of \$3,713,756.

TOWN OF SEVERANCE
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ending December 31, 2021, the General Fund was the only major governmental fund. See the combining schedules on pages 40 and 41 for a breakout of the non-major governmental 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 – The Water Fund net position increased by \$4,903,361 for an ending balance of \$66,288,060. This increase is primarily due to contributed capital due to growth, and dedicated assets. Net position is made up of a combination of cash, investments, and capital assets.

Wastewater Fund – The Wastewater Fund net position increased by \$3,986,702 for an ending fund balance of \$23,594,251. This increase is primarily due to contributed capital due to growth, and dedicated assets. Net position is made up of a combination of cash, investments, and capital assets.

Stormwater Fund – The Stormwater Fund was created in 2021. Net position increased by \$9,221,833 for an ending fund balance of \$9,221,833. This increase is primarily due dedicated assets and capital contributions made from governmental activities. Net position is made up of a combination of cash, investments, and capital assets.

Capital Assets

Approximately 33% of the Town's capital assets support governmental activities. The majority of the value is invested in land, buildings, and infrastructure improvements. The Town's business-type activities capital assets consist of its investments in water rights, utility systems and related equipment. During 2021, the Town continued its participation in the NISP project. See Note 4 for more details. See below for a breakout of the Town's capital assets as of December 31, 2021 when compared to the prior year. See Note 4 for additional information.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and improvements	\$ 1,974,417	\$ 1,392,566	\$ -	\$ -	\$ 1,974,417	\$ 1,392,566
Construction in progress	8,627,467	5,895,045	3,477,186	1,588,342	12,104,653	7,483,387
Infrastructure	21,687,914	15,265,868	-	-	21,687,914	15,265,868
Buildings	1,037,319	1,069,391	141,122	149,174	1,178,441	1,218,565
Vehicles	308,642	354,428	-	-	308,642	354,428
Equipment	443,991	309,864	111,313	143,002	555,304	452,866
Water rights	-	-	34,176,374	30,270,486	34,176,374	30,270,486
NISP CIP	-	-	4,370,069	3,640,069	4,370,069	3,640,069
North Weld County capacity	-	-	3,398,849	3,398,849	3,398,849	3,398,849
Water system	-	-	6,787,722	5,039,635	6,787,722	5,039,635
Wastewater System	-	-	11,857,078	9,625,631	11,857,078	9,625,631
Stormwater system	-	-	6,078,476	-	6,078,476	-
	<u>\$ 34,079,750</u>	<u>\$ 24,287,162</u>	<u>\$ 70,398,189</u>	<u>\$ 53,855,188</u>	<u>\$ 104,477,939</u>	<u>\$ 78,142,350</u>

TOWN OF SEVERANCE MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-Term Debt

The Town's governmental and business type activities long-term debt consists of accrued compensated absences payable and equipment leases. During 2021, the Town's capital leases were paid in full. See below for a breakout of the Town's long-term debt as of December 31, 2021 when compared to the prior year. See Note 5 for additional information.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Capital lease obligations	\$ -	\$ 42,950	\$ -	\$ 12,264	\$ -	\$ 55,214
Compensated absences	107,475	78,764	30,199	30,044	137,674	108,808
	<u>\$ 107,475</u>	<u>\$ 121,714</u>	<u>\$ 30,199</u>	<u>\$ 42,308</u>	<u>\$ 137,674</u>	<u>\$ 164,022</u>

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: the expansion of parks and recreation in the Town, completion of the 35-acres community park, and the finalization of east and west trails throughout the Town. Expanding on the last item, the Town completed a Parks and Recreation Master Plan during 2018, has received a \$750,000 grant and is now working on a connection trail from the Tailholt Subdivision, through the Community Park and connection to the western Overlook Subdivision. The Town will also continue to secure a healthy water portfolio, participate in the NISP storage and supply project, and begin to explore additional options for water and wastewater treatment.

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, 2021

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 14,772,338	\$ 2,289,294	\$ 17,061,632
Cash and cash equivalents - restricted	5,182,699	26,527,491	31,710,190
Accounts receivable	159,669	-	159,669
Interest receivable	10,888	16,905	27,793
Utility receivable	-	213,935	213,935
Due from other governments	597,771	-	597,771
Other receivables	-	246,645	246,645
Inventory	2,514	40,167	42,681
Property tax receivable	1,799,151	-	1,799,151
Prepaid items	26,644	-	26,644
Capital assets, not depreciated	10,601,884	45,422,478	56,024,362
Capital assets, net of depreciation	23,477,866	24,975,711	48,453,577
Net pension asset	105,420	-	105,420
Total assets	<u>56,736,844</u>	<u>99,732,626</u>	<u>156,469,470</u>
<u>Deferred Outflows of Resources</u>			
Related to pension	166,265	-	166,265
Total deferred outflows of resources	<u>166,265</u>	<u>-</u>	<u>166,265</u>
<u>Liabilities</u>			
Accounts payable	178,157	584,283	762,440
Accrued liabilities	213,077	-	213,077
Deposits	45,317	14,000	59,317
Unearned revenue	823,880	-	823,880
Due within one year	107,475	30,199	137,674
Total liabilities	<u>1,367,906</u>	<u>628,482</u>	<u>1,996,388</u>
<u>Deferred Inflows of Resources</u>			
Unavailable property taxes	1,799,151	-	1,799,151
Related to pension	195,573	-	195,573
Total deferred inflows of resources	<u>1,994,724</u>	<u>-</u>	<u>1,994,724</u>
<u>Net Position</u>			
Net investment in capital assets	34,069,536	70,321,551	104,391,087
Restricted			
Emergency reserves	286,500	-	286,500
Capital projects	41,825	-	41,825
Street projects	3,615,070	-	3,615,070
Park projects	327,892	-	327,892
Public facilities	972,342	-	972,342
Public safety	148,858	-	148,858
Conservation trust	52,486	-	52,486
Net pension asset	105,420	-	105,420
System capacity and improvements	-	26,513,491	26,513,491
Unrestricted	13,920,550	2,269,102	16,189,652
Total net position	<u>\$ 53,540,479</u>	<u>\$ 99,104,144</u>	<u>\$ 152,644,623</u>

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

TOWN OF SEVERANCE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 902,661	\$ 536,500	\$ 367,586	\$ -	\$ 1,425	\$ -	\$ 1,425
Community development	1,169,079	1,147,630	-	-	(21,449)	-	(21,449)
Public safety	1,228,219	37,130	-	149,500	(1,041,589)	-	(1,041,589)
Public works	1,426,021	-	339,185	1,023,000	(63,836)	-	(63,836)
Parks and recreation	366,427	-	133,061	585,620	352,254	-	352,254
Interest and fiscal charges	981	-	-	-	(981)	-	(981)
Loss on disposal and transfer of assets	4,116,772	-	-	-	(4,116,772)	-	(4,116,772)
Acceptance of assets	-	-	-	10,769,582	10,769,582	-	10,769,582
Total governmental activities	<u>9,210,160</u>	<u>1,721,260</u>	<u>839,832</u>	<u>12,527,702</u>	<u>5,878,634</u>	<u>-</u>	<u>5,878,634</u>
Business-Type Activities:							
Water	1,663,559	1,754,417	-	5,067,297	-	5,158,155	5,158,155
Wastewater	1,110,633	1,016,727	-	4,123,443	-	4,029,537	4,029,537
Stormwater	<u>327,788</u>	<u>157,750</u>	<u>-</u>	<u>5,355,299</u>	<u>-</u>	<u>5,185,261</u>	<u>5,185,261</u>
Total business-type activities	<u>3,101,980</u>	<u>2,928,894</u>	<u>-</u>	<u>14,546,039</u>	<u>-</u>	<u>14,372,953</u>	<u>14,372,953</u>
Total primary government	<u>12,312,140</u>	<u>4,650,154</u>	<u>839,832</u>	<u>27,073,741</u>	<u>5,878,634</u>	<u>14,372,953</u>	<u>20,251,587</u>
GENERAL REVENUES:							
Taxes							
General property					1,316,699	-	1,316,699
Specific ownership taxes					65,491	-	65,491
Sales					1,883,815	-	1,883,815
Use					1,924,992	-	1,924,992
Franchise					174,481	-	174,481
Investment earnings (loss)					(67,248)	(97,914)	(165,162)
Other revenues					74,654	-	74,654
Internal balances					<u>(3,836,857)</u>	<u>3,836,857</u>	<u>-</u>
Total general revenues					<u>1,536,027</u>	<u>3,738,943</u>	<u>5,274,970</u>
Change in net position					7,414,661	18,111,896	25,526,557
Net position - beginning					<u>46,125,818</u>	<u>80,992,248</u>	<u>127,118,066</u>
Net position - ending					<u>\$ 53,540,479</u>	<u>\$ 99,104,144</u>	<u>\$ 152,644,623</u>

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

TOWN OF SEVERANCE
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and investments	\$ 14,772,338	\$ -	\$ 14,772,338
Cash and investments - restricted	41,825	5,140,874	5,182,699
Accounts receivable	159,669	-	159,669
Interest receivable	8,521	2,367	10,888
Inventory	2,514	-	2,514
Prepaid items	26,644	-	26,644
Due from other governments	597,771	-	597,771
Property taxes receivable	1,799,151	-	1,799,151
Total assets	<u>\$ 17,408,433</u>	<u>\$ 5,143,241</u>	<u>\$ 22,551,674</u>
<u>Liabilities, deferred inflows of resources and fund balance</u>			
Liabilities:			
Accounts payable	\$ 151,564	\$ 26,593	\$ 178,157
Accrued liabilities	213,077	-	213,077
Deposits	45,317	-	45,317
Unearned revenue	823,880	-	823,880
Total liabilities	<u>1,233,838</u>	<u>26,593</u>	<u>1,260,431</u>
<u>Deferred inflows of resources</u>			
Unavailable property taxes	1,799,151	-	1,799,151
Other unavailable revenues	144,373	-	144,373
Total deferred inflows of resources	<u>1,943,524</u>	<u>-</u>	<u>1,943,524</u>
Fund balance:			
Nonspendable			
Prepaid items	26,644	-	26,644
Inventory	2,514	-	2,514
Restricted			
Emergencies	286,500	-	286,500
Capital projects	41,825	-	41,825
Street projects	-	3,615,070	3,615,070
Park projects	-	327,892	327,892
Public facilities	-	972,342	972,342
Public safety	-	148,858	148,858
Conservation trust	-	52,486	52,486
Assigned			
Subsequent year budget	948,817	-	948,817
Unassigned	12,924,771	-	12,924,771
Total fund balances	<u>14,231,071</u>	<u>5,116,648</u>	<u>19,347,719</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,408,433</u>	<u>\$ 5,143,241</u>	<u>\$ 22,551,674</u>

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

TOWN OF SEVERANCE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

Total fund balance, governmental funds	\$ 19,347,719
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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 governmental funds.	34,079,750
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Deferred outflows and inflows of resources represent an acquisition or consumption of net position that applies to future periods and, therefore, are not reported in the funds

Deferred outflows related to pension	166,265
Deferred inflows related to pension	(195,573)
Unavailable revenues	144,373

Long-term liabilities, including capital leases are not due and payable in the current period, and therefore, are not reported in governmental funds.

Compensated absences	(107,475)
Net pension asset	105,420

Total net position of governmental activities	<u>\$ 53,540,479</u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF SEVERANCE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>			
Taxes	\$ 5,365,478	\$ -	\$ 5,365,478
Intergovernmental	619,732	75,727	695,459
Licenses and permits	1,543,976	-	1,543,976
Fines and forfeitures	37,130	-	37,130
Charges for services	140,154	-	140,154
Impact fees	-	1,758,120	1,758,120
Investment earnings (loss)	(49,053)	(18,195)	(67,248)
Other revenue	74,654	-	74,654
Total revenues	<u>7,732,071</u>	<u>1,815,652</u>	<u>9,547,723</u>
<u>Expenditures</u>			
Current:			
General government	837,013	-	837,013
Community development	1,110,741	-	1,110,741
Public safety	1,167,717	-	1,167,717
Public works	592,487	-	592,487
Parks, recreation and other	307,715	-	307,715
Capital outlay	3,620,113	582,720	4,202,833
Debt service:			
Principal	42,950	-	42,950
Interest and fiscal charges	981	-	981
Total expenditures	<u>7,679,717</u>	<u>582,720</u>	<u>8,262,437</u>
Excess revenues over expenditures	52,354	1,232,932	1,285,286
<u>Other financing sources (uses)</u>			
Transfers in	1,304,168	1,216,835	2,521,003
Transfers out	(5,017,924)	(1,339,936)	(6,357,860)
Total other financing sources (uses)	<u>(3,713,756)</u>	<u>(123,101)</u>	<u>(3,836,857)</u>
Net change in fund balances	(3,661,402)	1,109,831	(2,551,571)
Fund balances - beginning of year	17,892,473	4,006,817	21,899,290
Fund balances - end of year	<u>\$ 14,231,071</u>	<u>\$ 5,116,648</u>	<u>\$ 19,347,719</u>

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

TOWN OF SEVERANCE
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Net change in fund balance - total governmental funds: \$ (2,551,571)

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

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the cost of these assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital outlay	4,144,121
Acceptance of assets	10,769,582
Depreciation expense	(1,004,343)
Loss on disposal and transfer of assets	(4,116,772)

Governmental funds report principal payments as expenditures. However, in
the statement of activities these payments are reflected as a reduction in
long-term debt obligations.

Principal payments on capital leases	42,950
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Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in governmental funds

Change in unavailable revenue	144,373
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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 the governmental funds

Change in accrued compensated absences	(28,711)
Pension income	15,032

Change in net position of governmental activities	\$ 7,414,661
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TOWN OF SEVERANCE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Water Fund	Wastewater Fund	Stormwater Fund	Total
<u>Assets</u>				
Current assets:				
Cash and investments	\$ 1,230,950	\$ 953,471	\$ 104,873	\$ 2,289,294
Cash and investments - restricted	15,497,366	9,770,771	1,259,354	26,527,491
Utility receivable	103,834	94,391	15,710	213,935
Interest receivable	10,746	5,558	601	16,905
Other receivable	390	246,255	-	246,645
Inventory	40,167	-	-	40,167
Total current assets	<u>16,883,453</u>	<u>11,070,446</u>	<u>1,380,538</u>	<u>29,334,437</u>
Noncurrent assets:				
Capital assets, not being depreciated	42,960,658	617,710	1,844,110	45,422,478
Capital assets, net of depreciation	6,944,142	11,947,061	6,084,508	24,975,711
Total noncurrent assets	<u>49,904,800</u>	<u>12,564,771</u>	<u>7,928,618</u>	<u>70,398,189</u>
Total assets	<u>66,788,253</u>	<u>23,635,217</u>	<u>9,309,156</u>	<u>99,732,626</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	473,536	28,753	81,994	584,283
Customer deposits	14,000	-	-	14,000
Compensated absences, current	12,657	12,213	5,329	30,199
Total liabilities	<u>500,193</u>	<u>40,966</u>	<u>87,323</u>	<u>628,482</u>
<u>Net Position</u>				
Net investment in capital assets	49,904,800	12,564,771	7,851,980	70,321,551
Restricted	15,483,366	9,770,771	1,259,354	26,513,491
Unrestricted	899,894	1,258,709	110,499	2,269,102
Total net position	<u>\$ 66,288,060</u>	<u>\$ 23,594,251</u>	<u>\$ 9,221,833</u>	<u>\$ 99,104,144</u>

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

TOWN OF SEVERANCE
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Operating revenues				
Utility charges	\$ 1,558,208	\$ 1,011,885	\$ 151,250	\$ 2,721,343
Other charges for services	196,209	4,842	6,500	207,551
Total operating revenues	<u>1,754,417</u>	<u>1,016,727</u>	<u>157,750</u>	<u>2,928,894</u>
Operating expenses				
Overhead expenses	82,075	79,195	34,557	195,827
Personnel services	268,091	275,820	111,539	655,450
Operating supplies	232,360	28,007	1,729	262,096
Professional fees	15,502	13,031	6,500	35,033
Repairs and maintenance	59,456	69,338	4,455	133,249
Treatment	664,260	144,229	-	808,489
Telephone and utilities	19,130	51,980	392	71,502
Other operating expenses	110,327	29,799	341	140,467
Depreciation	212,342	419,218	168,275	799,835
Total operating expenses	<u>1,663,543</u>	<u>1,110,617</u>	<u>327,788</u>	<u>3,101,948</u>
Operating income (loss)	90,874	(93,890)	(170,038)	(173,054)
Nonoperating revenues (expenses)				
Investment earnings (loss)	(54,111)	(38,472)	(5,331)	(97,914)
Interest expense	(16)	(16)	-	(32)
Total non-operating revenues (expenses)	<u>(54,127)</u>	<u>(38,488)</u>	<u>(5,331)</u>	<u>(97,946)</u>
Income (loss) before interfund transfers and contributions	36,747	(132,378)	(175,369)	(271,000)
Capital contributions				
Plant investment fees	2,781,600	1,977,680	330,000	5,089,280
Cash in lieu of dedication	823,333	-	-	823,333
Capital contributions	-	-	4,113,680	4,113,680
Dedicated assets	1,462,364	2,145,763	911,619	4,519,746
Transfers in	-	-	4,041,903	4,041,903
Transfers out	(200,683)	(4,363)	-	(205,046)
Total capital contributions and transfers	<u>4,866,614</u>	<u>4,119,080</u>	<u>9,397,202</u>	<u>18,382,896</u>
Change in net position	4,903,361	3,986,702	9,221,833	18,111,896
Net position, beginning of year	61,384,699	19,607,549	-	80,992,248
Net position, end of year	<u>\$ 66,288,060</u>	<u>\$ 23,594,251</u>	<u>\$ 9,221,833</u>	<u>\$ 99,104,144</u>

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

TOWN OF SEVERANCE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Water Fund	Wastewater Fund	Stormwater Fund	Total
Cash Flows From Operating Activities				
Cash received from customers	\$ 1,535,492	\$ 996,189	\$ 135,540	\$ 2,667,221
Cash paid to suppliers	(900,228)	(414,170)	34,020	(1,280,378)
Cash paid to employees	(270,456)	(278,629)	(106,210)	(655,295)
Other operating receipts	196,395	13,527	6,500	216,422
Net cash provided by operating activities	<u>561,203</u>	<u>316,917</u>	<u>69,850</u>	<u>947,970</u>
Cash Flows From Capital and Related Financing Activities				
Acquisition of capital assets	(5,146,920)	(490,894)	(3,071,595)	(8,709,409)
Tap fees received	3,604,933	1,977,680	330,000	5,912,613
Loan principal payments	(6,132)	(6,132)	-	(12,264)
Loan interest payment	(16)	(16)	-	(32)
Net cash provided (used) by capital and related financing activities	<u>(1,548,135)</u>	<u>1,480,638</u>	<u>(2,741,595)</u>	<u>(2,809,092)</u>
Cash Flows From Noncapital Financing Activities				
Transfers to/from other funds	(200,683)	(4,363)	4,041,903	3,836,857
Net cash provided (used) by noncapital financing activities	<u>(200,683)</u>	<u>(4,363)</u>	<u>4,041,903</u>	<u>3,836,857</u>
Cash Flows From Investing Activities				
Investment earnings (loss)	(64,857)	(44,030)	(5,931)	(114,818)
Net cash used by investing activities	<u>(64,857)</u>	<u>(44,030)</u>	<u>(5,931)</u>	<u>(114,818)</u>
Net change in cash and cash equivalents	(1,252,472)	1,749,162	1,364,227	1,860,917
Cash and cash equivalents and restricted cash, beginning of year	<u>17,980,788</u>	<u>8,975,080</u>	<u>-</u>	<u>26,955,868</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 16,728,316</u>	<u>\$ 10,724,242</u>	<u>\$ 1,364,227</u>	<u>\$ 28,816,785</u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities				
Net operating income	\$ 90,874	\$ (93,890)	\$ (170,038)	\$ (173,054)
Adjustments to reconcile net operating income to cash provided by operating activities				
Depreciation expense	212,342	419,218	168,275	799,835
Changes in assets and liabilities related to operations				
(Increase) Decrease in:				
Accounts receivable	(22,530)	(7,011)	(15,710)	(45,251)
Inventory	7,849	-	-	7,849
Increase (Decrease) in:				
Accounts payable	275,033	1,409	81,994	358,436
Compensated absences payable	(2,365)	(2,809)	5,329	155
Net cash provided by operating activities	<u>\$ 561,203</u>	<u>\$ 316,917</u>	<u>\$ 69,850</u>	<u>\$ 947,970</u>

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

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – DEFINITION OF THE REPORTING ENTITY

The Town of Severance (the Town), Colorado is a political subdivision of the State of Colorado governed by seven Council Members. The Town provides general government, public works (roads and streets), public safety, park services, water, wastewater, and stormwater 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, 2021.

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 bylaws 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.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

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.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are 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 fund:

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.

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 – Transportation Fund – The Transportation Fund accounts for improvements to the Town's street system funded through impact fee assessments.

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

Special Revenue Fund – Public Facilities Fund - The Public Facilities Fund accounts for improvements to the Town's public facilities and is funded through impact fee assessments.

Special Revenue Fund – Public Safety Fund - The Public Safety Fund accounts for improvements to the Town's public safety system and is funded through impact fee assessments.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Wastewater Fund – The Wastewater Fund was established to account for the acquisition, operation and maintenance of the Town's wastewater facilities and infrastructure.

Stormwater Fund – The Stormwater Fund was established to account for the acquisition, operation and maintenance of the Town's stormwater 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 nonoperating 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 wastewater 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.

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

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.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Receivables

All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Based upon review of the existing accounts receivable and the fact that any uncollectible water, wastewater, and stormwater receivables can be certified to the County Treasurer, no allowance for doubtful accounts is provided. All receivables are expected to be collected within one year.

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 acquisition cost or estimated acquisition 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:

<u>Description</u>	<u>Estimated Lives</u>
Building and improvements	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 separation from employment with the Town, an employee will be compensated for all earned but unused personal time off. Accrued sick time is not paid to the employee upon separation. Accumulated unpaid vacation pay is accrued when earned in the government-wide financial statements and proprietary fund statements. The Town uses the fund where employees covered payroll is recorded to liquidate compensated absences.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund statements, long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities statement of net position. In the governmental fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Deferred Outflows and Deferred 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 is 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 deferred pension related items, are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Statewide Defined Benefit Plan (SWDB), administered by the Fire & Police Pension Association of Colorado (FPPA), and additions to/deductions from the SWDB's fiduciary net position have been determined on the same basis as they are reported by the FPPA.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pensions (continued)

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

The Town reports fund balances in the governmental fund in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defined the different types of fund balances that a governmental entity must use for financial reporting. As of December 31, 2021, fund balance of the governmental funds is classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form (i.e., inventories or prepaid items) or because they are legally or contractually required to be maintained intact. At December 31, 2021, the Town had \$29,158 in nonspendable resources

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. At December 31, 2021, the Town had \$5,444,973 in restricted fund balance.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Town's Council. The Council is the highest level of decision-making body for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Council.

Assigned – Amounts that are subject to a purpose constraint that represents an intended use established by the Town in its budget process. The purpose of the assignment must be narrower than the purpose of the general fund. At December 31, 2021, the Town had \$948,817 in assigned fund balance.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance (continued)

Unassigned – Represents the residual classification for the Town’s general fund and could report a surplus or deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Council has provided other commitment or assignment actions.

Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Town can report up to three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributed to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the Town.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Town will use the most restrictive net position first.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property taxes

Property taxes are levied by the Town's Council Members. 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.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Budgets

In accordance with the State Budget Law, the Town's Council Members hold 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 Council Members 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.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 – CASH AND INVESTMENTS

Cash and investments are reflected in the Statement of Net Position as follows:

Cash and investments	\$ 17,061,632
Cash and investments - restricted	<u>31,710,190</u>
Total cash and investments	<u><u>\$ 48,771,822</u></u>

Cash and investments at December 31, 2021 consist of the following:

Cash on hand	\$ 1,118
Cash deposits	2,682,382
Investments	<u>46,088,322</u>
Total	<u><u>\$ 48,771,822</u></u>

Cash Deposits

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

At December 31, 2021, the bank balance and carrying amount of the Town's deposits were \$2,717,384 and \$2,683,500, respectively. All cash deposits were covered by either the FDIC or PDPA.

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 Council Members. 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:

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

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

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates the Town limits investment portfolio to maturities of less than five years and a weighted average maturity of less than 3 years. Additionally, the Town structures its investment portfolio so that investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity

Credit Risk

Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations to the Town. The Town's limits investments to certain types of investments and diversifies the investment portfolio so the impact of potential losses from any one type of investment will be minimized.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town has established various limits for issuers for each of the types of securities in which it is permitted to invest.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

Below is a breakdown of the Town's investments as of December 31, 2021:

<u>Investment Type</u>	<u>Rating - S&P</u>	<u>Maturity</u>		<u>Total</u>
		<u>Less than 1 Year</u>	<u>1 to 5 years</u>	
Colorado Local Government Liquid Asset Trust (Colotrust)	AAAm	\$ 30,643,087	\$ -	\$ 30,643,087
Morgan Stanley Institutional Liquidity Fund	AAAm	907,257	-	907,257
U.S. Agency Bonds	AA+	2,448,073	12,089,905	14,537,978
Total		<u>\$ 33,998,417</u>	<u>\$ 12,089,905</u>	<u>\$ 46,088,322</u>

COLOTRUST

The Town invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust); an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAm by Standard & Poor's.

Morgan Stanley Institutional Liquidity Fund

The Morgan Stanley Institutional Liquidity Fund ("MSILF") is rated AAAm by Standard & Poor's and the maturity is weighted average under 52 days. MSILF records its investments at fair value and the Town records its investment in MSILF using the net asset value method. The fund is a money market fund with each share maintaining a value of \$1.00. The money market fund invests in high quality debt securities issued by the U.S. Government. At December 31, 2021, the Town had \$907,257 invested in the MSILF.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The Town's investment in Colotrust is measured at net asset value, equal to \$1.00 per share. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period. The Town's investment in the Morgan Stanley Institutional Liquidity Fund is valued at amortized cost. All other Town investments are valued using Level 2 inputs.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balances December, 31 2020	Additions	Deletions	Transfer	Balances December, 31 2021
<i>Governmental Activities:</i>					
Capital Assets, not being depreciated					
Land and improvements	\$ 1,392,566	\$ 581,851	\$ -	\$ -	\$ 1,974,417
Construction in process	5,895,045	3,090,136	-	(357,714)	8,627,467
Total capital assets, not depreciated	7,287,611	3,671,987	-	(357,714)	10,601,884
Capital Assets, being depreciated					
Infrastructure	18,810,681	10,964,782	-	(4,041,826)	25,733,637
Buildings	1,469,162	16,254	-	-	1,485,416
Vehicles	732,352	39,701	21,050	-	751,003
Equipment	693,785	220,979	9,277	(6,032)	899,455
Total capital assets, depreciated	21,705,980	11,241,716	30,327	(4,047,858)	28,869,511
Accumulated depreciation					
Infrastructure	3,544,813	791,045	-	(290,135)	4,045,723
Buildings	399,771	48,326	-	-	448,097
Vehicles	377,924	78,120	13,683	-	442,361
Equipment	383,921	86,852	9,277	(6,032)	455,464
Total accumulated depreciation	4,706,429	1,004,343	22,960	(296,167)	5,391,645
Net capital assets, depreciated	16,999,551	10,237,373	7,367	(3,751,691)	23,477,866
Governmental Activities Capital Assets, net	\$ 24,287,162	\$ 13,909,360	\$ 7,367	\$ (4,109,405)	\$ 34,079,750

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Depreciation is charged to the Town's governmental activities as follows:

Governmental activities

General government	\$ 61,054
Public works	824,634
Public safety	66,059
Park and recreation	52,596
Total	<u>\$ 1,004,343</u>

	Balances December, 31 2020	Additions	Deletions	Transfer	Balances December, 31 2021
<i>Business-Type Activities:</i>					
Capital Assets, not being depreciated					
Water rights	\$ 30,270,486	\$ 3,905,888	\$ -	\$ -	\$ 34,176,374
NISP, CIP	3,640,069	730,000	-	-	4,370,069
North Weld County Capacity	3,398,849	-	-	-	3,398,849
Construction in progress	1,588,342	1,770,356	-	118,488	3,477,186
Total capital assets, not depreciated	<u>38,897,746</u>	<u>6,406,244</u>	<u>-</u>	<u>118,488</u>	<u>45,422,478</u>
Capital Assets, being depreciated					
Water system	5,833,134	1,936,358	-	-	7,769,492
Wastewater system	12,013,936	2,628,963	-	-	14,642,899
Stormwater system	-	2,261,866	-	4,281,052	6,542,918
Buildings	233,713	-	-	-	233,713
Equipment	332,827	-	-	6,032	338,859
Total capital assets, depreciated	<u>18,413,610</u>	<u>6,827,187</u>	<u>-</u>	<u>4,287,084</u>	<u>29,527,881</u>
Accumulated depreciation					
Water system	793,499	188,271	-	-	981,770
Wastewater system	2,388,305	397,516	-	-	2,785,821
Stormwater system	-	168,275	-	296,167	464,442
Buildings	84,539	8,052	-	-	92,591
Equipment	189,825	37,721	-	-	227,546
Total accumulated depreciation	<u>3,456,168</u>	<u>799,835</u>	<u>-</u>	<u>296,167</u>	<u>4,552,170</u>
Net capital assets, depreciated	<u>14,957,442</u>	<u>6,027,352</u>	<u>-</u>	<u>3,990,917</u>	<u>24,975,711</u>
Business-Type Activities					
Capital Assets, net	<u>\$ 53,855,188</u>	<u>\$ 12,433,596</u>	<u>\$ -</u>	<u>\$ 4,109,405</u>	<u>\$ 70,398,189</u>

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Depreciation is charged to the Town's business-type activities as follows:

Business-type activities:

Water	\$ 212,342
Wastewater	419,218
Stormwater	168,275
Total	<u>\$ 799,835</u>

NOTE 5 – LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term liabilities of the Town for the year ended December 31, 2021:

	Balances December 31, 2020	Additions	Deletions	Balances December 31, 2021	Due In One Year
<i>Governmental Activities:</i>					
Capital lease obligations	\$ 42,950	\$ -	\$ 42,950	\$ -	\$ -
Compensated absences	78,764	125,179	96,468	107,475	107,475
Total	<u>\$ 121,714</u>	<u>\$ 125,179</u>	<u>\$ 139,418</u>	<u>\$ 107,475</u>	<u>\$ 107,475</u>
<i>Business-Type Activities:</i>					
Capital lease obligations	\$ 12,264	\$ -	\$ 12,264	\$ -	\$ -
Compensated absences	30,044	33,439	33,284	30,199	30,199
Total	<u>\$ 42,308</u>	<u>\$ 33,439</u>	<u>\$ 45,548</u>	<u>\$ 30,199</u>	<u>\$ 30,199</u>

2017 Kansas State Bank Lease

In 2017, the Town entered into a capital lease agreement for the purchase of a snowplow. The lease was for \$147,066 and requires 5 annual payments of \$31,635. The lease bears interest at 3.0%. As of December 31, 2021, the Town has paid the lease in full.

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%. As of December 31, 2021, the Town has paid the lease in full.

The Town has committed to various covenants for the lease of equipment to avoid events of default. The most significant covenant is the timely remittance of lease payments in accordance with the lease terms. In the event of default, the lessor has the option to take any action pursuant to the lease agreement including requiring the Town to pay all amounts then currently due or the return of the related equipment.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 – 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 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 Phase 1 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 wastewater 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 wastewater utility is the best available source of sanitary wastewater 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 wastewater 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 2021 from the project account amounted to \$8,685.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

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 Wastewater 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 Wastewater Project.

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 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.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Northern Integrated Supply Project (NISP)

On January 21, 2020 the Town entered into the NISP Phase 1 Agreement, whereby the Town is a participant in a regional water supply, water storage, and related benefits projects, to be developed by the Northern Integrated Supply Project Water Activity Enterprise (the Enterprise). Per the NISP Phase 1 agreement, the Town, along with other participants to the NISP agreement, will receive an allotment from the project in return for the Town's funding participation. The Town paid \$730,000 in 2021 under the NISP Phase 1 agreement.

NOTE 7 – 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 8 – RETIREMENT COMMITMENTS

Plan Description

The Town contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire and Police Pension Association of Colorado (FPPA). The Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Plan. All full-time, paid police officers of the Town are members of the Statewide Defined Benefit Plan. Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and requires supplementary information for both the SWDB and the Statewide Death and Disability Plan. FPPA issues a publicly available financial report that includes information on the plan. That report may be obtained at www.fppaco.org.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 – RETIREMENT COMMITMENTS (CONTINUED)

Benefits Provided

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

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

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution.

Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions

The Town and eligible employees are required to contribute to the plan at rates established by State statutes. Employer contributions rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 – RETIREMENT COMMITMENTS (CONTINUED)

Contributions (continued)

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. Members of the SWDB plan and their employers contributed at a rate of 11.5 percent and 8.5 percent, respectively, of base salary for a total contribution rate of 20 percent in 2021. The Town's contributions to the plan of the year ended December 31, 2021, were \$37,024, equal to the required contributions.

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

At December 31, 2021, the Town reported a net pension asset of \$105,420, representing its proportionate share of the net pension asset of the plan. The net pension asset was measured at December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021. The Town's proportion of the net pension asset was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2020, the Town's proportion was 0.0486% which was an increase of 0.0028% from its proportion measured at December 31, 2019.

For the year ended December 31, 2021, the Town recognized pension income of \$14,213. At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 89,407	\$ 419
Changes of Assumptions or other Inputs	44,837	-
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	-	108,282
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
of Contributions	-	86,872
Contributions Subsequent to the Measurement Date	32,021	-
Total	<u>\$ 166,265</u>	<u>\$ 195,573</u>

\$32,021 reported as deferred outflows of resources related to pension resulting from Town contributions subsequent to the measurement date will be recognized as an increase in the net pension asset in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 – RETIREMENT COMMITMENTS (CONTINUED)

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

<u>Year Ended December 31,</u>	<u>Amount</u>
2022	\$ (23,933)
2023	(9,888)
2024	(28,105)
2025	(9,683)
2026	7,256
Thereafter	3,024

Actuarial Assumptions

The actuarial valuations as of January 1, 2021, determined the total pension liability using the following actuarial assumptions and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial Valuation Date	January 1, 2021	January 1, 2020
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 years
Long-term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

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

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 – RETIREMENT COMMITMENTS (CONTINUED)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	39 %	8.23 %
Equity Long/Short	8 %	6.87
Private Markets	26 %	10.63
Fixed Income - Rates	10 %	4.01
Fixed Income - Credit	5 %	5.25
Absolute Return	10 %	5.60
Cash	2 %	2.32
Total	<u>100 %</u>	

Discount Rate

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

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

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 – RETIREMENT COMMITMENTS (CONTINUED)

Discount Rate (continued)

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

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

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

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Current Discount Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Proportionate share of the Net Pension Liability (Asset)	\$ 106,089	\$ (105,420)	\$ (280,577)

Pension Plan Fiduciary Net Position

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

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 \$47,937 in 2021. The Town has no liability for this plan beyond its current annual contribution.

NOTE 9 – 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.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2021.

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, 2021 the Town had construction commitments of \$633,756 related to on-going capital projects.

NOTE 10 – INTERNAL TRANSFERS

Interfund transfers for the year ending December 31, 2021 were comprised of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,304,168	\$ 5,017,924
Conservation Trust Fund	2,305	77,065
Transportation Fund	535,067	-
Public Facilities Fund	646,000	-
Parks Fund	33,463	1,262,871
Water Fund	-	200,683
Wastewater Fund	-	4,363
Stormwater Fund	4,041,903	-
Total	<u>\$ 6,562,906</u>	<u>\$ 6,562,906</u>

During 2021, transfers were made for purposes of capital projects within the Town.

NOTE 11 – TAX, SPENDING, AND DEBT LIMITATIONS

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.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11 – TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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

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

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

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

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.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>				
Taxes				
Property taxes	\$ 1,303,508	\$ 1,303,508	\$ 1,316,699	\$ 13,191
Specific ownership taxes	70,000	70,000	65,491	(4,509)
Sales and use taxes	3,045,000	3,158,925	3,808,807	649,882
Franchise taxes	150,000	150,000	174,481	24,481
Total tax revenues	<u>4,568,508</u>	<u>4,682,433</u>	<u>5,365,478</u>	<u>683,045</u>
Intergovernmental				
Cigarette tax	2,450	2,450	6,013	3,563
Highway users	182,460	182,460	270,169	87,709
Road and bridge	90,000	90,000	69,016	(20,984)
Clerk/Motor vehicle fees	40,000	40,000	50,984	10,984
Mineral lease	25,000	25,000	57,334	32,334
Severance tax	50,000	50,000	8,730	(41,270)
Other intergovernmental	100,000	100,000	157,486	57,486
Total intergovernmental revenues	<u>489,910</u>	<u>489,910</u>	<u>619,732</u>	<u>129,822</u>
Licenses and permits				
Liquor licenses	323	323	1,048	725
Building permits	1,030,000	1,030,000	1,090,921	60,921
Animal licenses	-	-	2,684	2,684
Business licenses and fees	5,000	5,000	5,075	75
Other licenses and fees	149,050	149,050	444,248	295,198
Total license and permit revenues	<u>1,184,373</u>	<u>1,184,373</u>	<u>1,543,976</u>	<u>359,603</u>
Fines and forfeitures	<u>63,120</u>	<u>63,120</u>	<u>37,130</u>	<u>(25,990)</u>
Charges for services				
Special events and charges	10,000	47,450	42,085	(5,365)
Rents	41,160	41,160	41,360	200
Impact fees and other charges	312,800	312,800	56,709	(256,091)
Total charges for services	<u>363,960</u>	<u>401,410</u>	<u>140,154</u>	<u>(261,256)</u>
Other				
Investment earnings (loss)	100,000	100,000	(49,053)	(149,053)
Insurance proceeds	5,000	5,000	-	(5,000)
Miscellaneous revenues	16,000	16,000	74,654	58,654
Total miscellaneous	<u>121,000</u>	<u>121,000</u>	<u>25,601</u>	<u>(95,399)</u>
Total revenues	<u>6,790,871</u>	<u>6,942,246</u>	<u>7,732,071</u>	<u>789,825</u>

See accompanying Independent Auditors Report

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Expenditures</u>				
General government				
Personnel services	486,769	600,694	550,455	50,239
Insurance	40,000	40,000	42,313	(2,313)
Professional fees	199,500	199,500	104,192	95,308
Election	2,000	2,000	1,700	300
Repairs and maintenance	36,602	36,602	54,246	(17,644)
Supplies	19,240	19,240	19,834	(594)
Telephone and utilities	15,000	15,000	12,857	2,143
Traveling and training	27,850	27,850	25,554	2,296
Other expenses	271,693	309,143	25,862	283,281
Total general government	<u>1,098,654</u>	<u>1,250,029</u>	<u>837,013</u>	<u>413,016</u>
Community development				
Personnel services	227,740	227,740	243,334	(15,594)
Professional fees	24,000	24,000	87,233	(63,233)
Building inspections	660,273	660,273	724,882	(64,609)
Repairs and maintenance	8,800	8,800	1,706	7,094
Supplies	3,010	3,010	3,117	(107)
Telephone and utilities	6,500	6,500	7,085	(585)
Traveling and training	3,750	3,750	485	3,265
Other expenses	165,348	165,348	42,899	122,449
Total community development	<u>1,099,421</u>	<u>1,099,421</u>	<u>1,110,741</u>	<u>(11,320)</u>
Public safety				
Personnel services	986,182	986,182	898,879	87,303
Contract labor	3,500	3,500	4,490	(990)
Fuel and automotive	15,000	15,000	24,393	(9,393)
Insurance	26,000	26,000	32,374	(6,374)
Professional fees	45,000	45,000	33,941	11,059
Repairs and maintenance	79,807	79,807	69,866	9,941
Supplies	36,000	36,000	44,910	(8,910)
Telephone and utilities	17,000	17,000	15,559	1,441
Traveling and training	11,000	11,000	7,897	3,103
Other expenses	83,200	83,200	35,408	47,792
Total public safety	<u>1,302,689</u>	<u>1,302,689</u>	<u>1,167,717</u>	<u>134,972</u>

See accompanying Independent Auditors Report

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Public works				
Personnel services	214,199	214,199	208,237	5,962
Fuel and automotive	12,180	12,180	8,986	3,194
Insurance	28,000	28,000	28,841	(841)
Professional fees	1,000	1,000	475	525
Repairs and maintenance	264,718	264,718	271,980	(7,262)
Supplies	17,540	17,540	13,117	4,423
Telephone and utilities	24,000	24,000	23,933	67
Traveling and training	3,200	3,200	1,282	1,918
Other expenses	32,500	32,500	35,636	(3,136)
Total public works	597,337	597,337	592,487	4,850
Parks, recreation and other				
Personnel services	257,772	257,772	216,621	41,151
Professional fees	1,000	1,000	673	327
Repairs and maintenance	47,656	47,656	41,580	6,076
Supplies	20,840	20,840	18,968	1,872
Telephone and utilities	12,000	12,000	21,341	(9,341)
Traveling and training	3,000	3,000	1,305	1,695
Other expenses	17,000	17,000	7,227	9,773
Total health and welfare	359,268	359,268	307,715	51,553
Capital outlay				
General government	1,047,754	1,047,754	695,625	352,129
Community development	2,777,246	2,777,246	2,710,333	66,913
Public safety	111,890	310,715	104,998	205,717
Public works	120,000	1,682,205	109,157	1,573,048
Total capital outlay	4,056,890	5,817,920	3,620,113	2,197,807
Debt service				
Lease payments	43,931	43,931	43,931	-
Total debt service	43,931	43,931	43,931	-
Total expenditures	8,558,190	10,470,595	7,679,717	2,790,878
Excess revenues over (under) expenditures	(1,767,319)	(3,528,349)	52,354	3,580,703
Other financing sources (uses)				
Transfers in	-	2,705,000	1,304,168	(1,400,832)
Transfers out	-	(6,260,000)	(5,017,924)	1,242,076
Total other financing sources (uses)	-	(3,555,000)	(3,713,756)	(158,756)
Net change in fund balance	\$ (1,767,319)	\$ (7,083,349)	(3,661,402)	\$ 3,421,947
Fund balance - beginning of year			17,892,473	
Fund balance - end of year			\$ 14,231,071	

See accompanying Independent Auditors Report

TOWN OF SEVERANCE
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY (ASSET) – STATEWIDE DEFINED BENEFIT PLAN
LAST 10 FISCAL YEARS*

Fiscal Year	<u>2021</u>	<u>2020</u>	<u>2019</u>
Plan Measurement Date	December 31, 2020	December 31, 2019	December 31, 2018
Town's Proportion of the Net Pension Liability (Asset)	0.0486%	0.0457%	0.0241%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ (105,420)	\$ (25,861)	\$ 30,524
Town's Covered Payroll	390,022	337,015	40,402
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered payroll	(27.0%)	(7.7%)	75.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.7%	101.9%	95.2%

*The amounts presented for each fiscal year were determined as of December 31, based on the measurement date of the plan. The Town joined the plan in 2018 and therefore, 10 years of data is not available.

TOWN OF SEVERANCE
SCHEDULE OF THE TOWN'S CONTRIBUTIONS AND RELATED RATIOS
STATEWIDE DEFINED BENEFIT PLAN
LAST 10 FISCAL YEARS*

Fiscal Year	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily Required Contributions	\$ 32,021	\$ 31,202	\$ 26,961	\$ 3,232
Contributions in Relation to the Statutorily Required Contribution	<u>32,021</u>	<u>31,202</u>	<u>26,961</u>	<u>3,232</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 376,712	\$ 390,022	\$ 337,015	\$ 40,402
Contributions as a Percentage of Covered Payroll	8.5%	8.0%	8.0%	8.0%

*The amounts presented for each fiscal year were determined as of December 31, based on the measurement date of the plan. The Town joined the plan in 2018 and therefore, 10 years of data is not available.

See accompanying Independent Auditors Report

SUPPLEMENTARY INFORMATION

TOWN OF SEVERANCE
COMBINING BALANCE SHEET –
GOVERNMENTAL NON-MAJOR FUNDS
DECEMBER 31, 2021

	Conservation Trust Fund	Transportation Fund	Park Fund	Public Facilities Fund	Public Safety Fund	Total Non-Major Governmental Funds
<u>Assets</u>						
Cash and investments - restricted	\$ 52,454	\$ 3,639,999	\$ 327,385	\$ 972,227	\$ 148,809	\$ 5,140,874
Interest receivable	32	1,664	507	115	49	2,367
Total assets	<u>\$ 52,486</u>	<u>\$ 3,641,663</u>	<u>\$ 327,892</u>	<u>\$ 972,342</u>	<u>\$ 148,858</u>	<u>\$ 5,143,241</u>
<u>Liabilities, deferred inflows of resources and fund balance</u>						
<u>Liabilities:</u>						
Accounts payable	\$ -	\$ 26,593	\$ -	\$ -	\$ -	\$ 26,593
Total liabilities	<u>-</u>	<u>26,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,593</u>
<u>Fund balance:</u>						
Restricted						
Street projects	-	3,615,070	-	-	-	3,615,070
Park projects	-	-	327,892	-	-	327,892
Public facilities	-	-	-	972,342	-	972,342
Public safety	-	-	-	-	148,858	148,858
Conservation trust	52,486	-	-	-	-	52,486
Total fund balances	<u>52,486</u>	<u>3,615,070</u>	<u>327,892</u>	<u>972,342</u>	<u>148,858</u>	<u>5,116,648</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 52,486</u>	<u>\$ 3,641,663</u>	<u>\$ 327,892</u>	<u>\$ 972,342</u>	<u>\$ 148,858</u>	<u>\$ 5,143,241</u>

See the accompanying Independent Auditors Report

TOWN OF SEVERANCE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL NON-MAJOR FUNDS
YEAR ENDED DECEMBER 31, 2021

	Conservation Trust Fund	Transportation Fund	Park Fund	Public Facilities Fund	Public Safety Fund	Total Non-Major Governmental Funds
<u>Revenues</u>						
Intergovernmental	\$ 75,727	\$ -	\$ -	\$ -	\$ -	\$ 75,727
Impact fees	-	693,000	585,620	330,000	149,500	1,758,120
Investment earnings (loss)	(170)	(13,821)	96	(3,658)	(642)	(18,195)
Total revenues	<u>75,557</u>	<u>679,179</u>	<u>585,716</u>	<u>326,342</u>	<u>148,858</u>	<u>1,815,652</u>
<u>Expenditures</u>						
Capital outlay	-	582,720	-	-	-	582,720
Total expenditures	<u>-</u>	<u>582,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>582,720</u>
Excess revenues over expenditures	75,557	96,459	585,716	326,342	148,858	1,232,932
<u>Other financing sources (uses)</u>						
Transfers in	2,305	535,067	33,463	646,000	-	1,216,835
Transfers out	(77,065)	-	(1,262,871)	-	-	(1,339,936)
Total other financing sources (uses)	<u>(74,760)</u>	<u>535,067</u>	<u>(1,229,408)</u>	<u>646,000</u>	<u>-</u>	<u>(123,101)</u>
Net change in fund balances	797	631,526	(643,692)	972,342	148,858	1,109,831
Fund balances - beginning of year	51,689	2,983,544	971,584	-	-	4,006,817
Fund balances - end of year	<u>\$ 52,486</u>	<u>\$ 3,615,070</u>	<u>\$ 327,892</u>	<u>\$ 972,342</u>	<u>\$ 148,858</u>	<u>\$ 5,116,648</u>

See the accompanying Independent Auditors Report

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE – BUDGET AND ACTUAL – CONSERVATION TRUST FUND
YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>				
Intergovernmental revenues	\$ 50,000	\$ 50,000	\$ 75,727	\$ 25,727
Investment earnings (loss)	-	-	(170)	(170)
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>75,557</u>	<u>25,557</u>
<u>Expenditures</u>				
Parks, recreation and other	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Excess of expenditures over (under) revenues	(50,000)	(50,000)	75,557	125,557
Other financing sources (uses)				
Transfers in	-	-	2,305	2,305
Transfers out	<u>-</u>	<u>(100,000)</u>	<u>(77,065)</u>	<u>22,935</u>
Total other financing sources (uses)	<u>-</u>	<u>(100,000)</u>	<u>(74,760)</u>	<u>25,240</u>
Net change in fund balance	<u>\$ (50,000)</u>	<u>\$ (150,000)</u>	797	<u>\$ 150,797</u>
Fund balance - beginning of year			<u>51,689</u>	
Fund balance - end of year			<u>\$ 52,486</u>	

See the accompanying Independent Auditors Report

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE – BUDGET AND ACTUAL – TRANSPORTATION FUND
YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>				
Road infrastructure fee	\$ 798,000	\$ 798,000	\$ 693,000	\$ (105,000)
Investment earnings (loss)	-	-	(13,821)	(13,821)
Total revenues	<u>798,000</u>	<u>798,000</u>	<u>679,179</u>	<u>(118,821)</u>
<u>Expenditures</u>				
Overlays and chip seals	1,000,000	1,600,000	535,067	1,064,933
Street improvements	20,000	20,000	15,534	4,466
Master plan	80,000	102,038	32,119	69,919
Total expenditures	<u>1,100,000</u>	<u>1,722,038</u>	<u>582,720</u>	<u>1,139,318</u>
Excess of expenditures over (under) revenues	(302,000)	(924,038)	96,459	1,020,497
Other financing sources (uses)				
Transfers in	-	600,000	535,067	(64,933)
Total other financing sources (uses)	<u>-</u>	<u>600,000</u>	<u>535,067</u>	<u>(64,933)</u>
Net change in fund balance	<u>\$ (302,000)</u>	<u>\$ (324,038)</u>	631,526	<u>\$ 955,564</u>
Fund balance - beginning of year			<u>2,983,544</u>	
Fund balance - end of year			<u>\$ 3,615,070</u>	

See the accompanying Independent Auditors Report

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE – BUDGET AND ACTUAL – PARKS FUND
YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>				
Impact fees	\$ 1,251,800	\$ 1,251,800	\$ 585,620	\$ (666,180)
Investment earnings	-	-	96	96
Total revenues	<u>1,251,800</u>	<u>1,251,800</u>	<u>585,716</u>	<u>(666,084)</u>
<u>Expenditures</u>				
Parks, recreation and other	2,710,000	2,710,000	-	2,710,000
Equipment	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total expenditures	<u>2,735,000</u>	<u>2,735,000</u>	<u>-</u>	<u>2,735,000</u>
Excess of expenditures over (under) revenues	(1,483,200)	(1,483,200)	585,716	2,068,916
Other financing sources (uses)				
Transfers in	-	-	33,463	33,463
Transfer out	<u>-</u>	<u>(1,700,000)</u>	<u>(1,262,871)</u>	<u>437,129</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,700,000)</u>	<u>(1,229,408)</u>	<u>470,592</u>
Net change in fund balance	<u>\$ (1,483,200)</u>	<u>\$ (3,183,200)</u>	(643,692)	<u>\$ 2,539,508</u>
Fund balance - beginning of year			<u>971,584</u>	
Fund balance - end of year			<u>\$ 327,892</u>	

See the accompanying Independent Auditors Report

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE – BUDGET AND ACTUAL – PUBLIC FACILITIES FUND
YEAR ENDED DECEMBER 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>			
Impact fees	\$ 380,000	\$ 330,000	\$ (50,000)
Investment earnings (loss)	-	(3,658)	(3,658)
Total revenues	<u>380,000</u>	<u>326,342</u>	<u>(53,658)</u>
Excess of expenditures over (under) revenues	380,000	326,342	(53,658)
Other financing sources (uses)			
Transfers in	<u>-</u>	<u>646,000</u>	<u>646,000</u>
Total other financing sources (uses)	<u>-</u>	<u>646,000</u>	<u>646,000</u>
Net change in fund balance	<u>\$ 380,000</u>	972,342	<u>\$ 592,342</u>
Fund balance - beginning of year		<u>-</u>	
Fund balance - end of year		<u>\$ 972,342</u>	

See the accompanying Independent Auditors Report

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE – BUDGET AND ACTUAL – PUBLIC SAFETY FUND
YEAR ENDED DECEMBER 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>			
Impact fees	\$ -	\$ 149,500	\$ 149,500
Investment earnings (loss)	-	(642)	(642)
Total revenues	-	148,858	148,858
Net change in fund balance	<u>\$ -</u>	148,858	<u>\$ 148,858</u>
Fund balance - beginning of year		-	
Fund balance - end of year		<u>\$ 148,858</u>	

See the accompanying Independent Auditors Report

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND NET POSITION – BUDGET AND ACTUAL (BUDGETARY BASIS) –
WATER FUND
YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Operating revenues</u>				
Utility charges	\$ 1,417,500	\$ 1,441,625	\$ 1,558,208	\$ 116,583
Other charges for services	244,000	244,000	196,209	(47,791)
Total revenues	<u>1,661,500</u>	<u>1,685,625</u>	<u>1,754,417</u>	<u>68,792</u>
<u>Operating expenses</u>				
Overhead expenses	84,245	84,245	82,075	2,170
Personnel services	267,983	289,108	268,091	21,017
Operating supplies	254,000	254,000	232,360	21,640
Professional fees	4,500	4,500	15,502	(11,002)
Repairs and maintenance	94,524	94,524	59,456	35,068
Treatment	700,000	700,000	664,260	35,740
Telephone and utilities	20,000	20,000	19,130	870
Other operating expenses	191,160	191,160	110,327	80,833
Capital outlay	5,850,000	9,424,946	5,146,920	4,278,026
Debt service	6,148	6,148	6,164	(16)
Total operating expenses	<u>7,472,560</u>	<u>11,068,631</u>	<u>6,604,285</u>	<u>4,464,346</u>
<u>Other income (expense)</u>				
Investment earnings (loss)	-	-	(54,111)	(54,111)
Total other income (expense)	<u>-</u>	<u>-</u>	<u>(54,111)</u>	<u>(54,111)</u>
<u>Contributed capital and transfers</u>				
Plant investment fees	3,005,000	3,005,000	2,781,600	223,400
Cash in lieu of fees	2,000,000	2,000,000	823,333	1,176,667
Transfers out	-	(230,000)	(200,683)	29,317
Total contributed capital and transfers	<u>5,005,000</u>	<u>4,775,000</u>	<u>3,404,250</u>	<u>1,429,384</u>
Change in net position, budgetary basis	<u>\$ (806,060)</u>	<u>\$ (4,608,006)</u>	<u>(1,499,729)</u>	<u>\$ 5,908,411</u>
Reconciliation to GAAP basis				
Dedicated assets			1,462,364	
Capital outlay			5,146,920	
Depreciation			(212,342)	
Debt principal payments			<u>6,148</u>	
Change in net position, GAAP basis			4,903,361	
Net position, beginning of year			<u>61,384,699</u>	
Net position, end of year			<u>\$ 66,288,060</u>	

See the accompanying Independent Auditors Report

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND NET POSITION – BUDGET AND ACTUAL (BUDGETARY BASIS) –
WASTEWATER FUND
YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Operating revenues</u>				
Utility charges	\$ 798,000	\$ 827,730	\$ 1,011,885	\$ 184,155
Other charges for services	-	-	4,842	4,842
Total revenues	<u>798,000</u>	<u>827,730</u>	<u>1,016,727</u>	<u>188,997</u>
<u>Operating expenses</u>				
Overhead expenses	81,289	81,289	79,195	2,094
Personnel services	261,371	291,101	275,820	15,281
Operating supplies	49,400	49,400	28,007	21,393
Professional fees	37,000	37,000	13,031	23,969
Repairs and maintenance	110,440	110,440	69,338	41,102
Treatment	120,000	120,000	144,229	(24,229)
Telephone and utilities	41,000	41,000	51,980	(10,980)
Other operating expenses	40,300	40,300	29,799	10,501
Capital outlay	505,000	578,550	490,894	87,656
Debt service	-	-	6,164	(6,164)
Total operating expenses	<u>1,245,800</u>	<u>1,349,080</u>	<u>1,188,457</u>	<u>160,623</u>
<u>Other income (expense)</u>				
Investment earnings (loss)	-	-	(38,472)	(38,472)
Total other income (expense)	<u>-</u>	<u>-</u>	<u>(38,472)</u>	<u>(38,472)</u>
<u>Capital contributions and transfers</u>				
Plant investment fees	2,340,000	2,340,000	1,977,680	(362,320)
Transfers out	-	(5,000)	(4,363)	637
Total contributed capital	<u>2,340,000</u>	<u>2,335,000</u>	<u>1,973,317</u>	<u>(361,683)</u>
Change in net position, budgetary basis	<u>\$ 1,892,200</u>	<u>\$ 1,813,650</u>	1,763,115	<u>\$ (50,535)</u>
Reconciliation to GAAP basis				
Dedicated assets			2,145,763	
Capital outlay			490,894	
Depreciation			(419,218)	
Debt principal payments			6,148	
Change in net position, GAAP basis			3,986,702	
Net position, beginning of year			<u>19,607,549</u>	
Net position, end of year			<u>\$ 23,594,251</u>	

See the accompanying Independent Auditors Report

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND NET POSITION – BUDGET AND ACTUAL (BUDGETARY BASIS) –
STORMWATER FUND
YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Operating revenues</u>				
Utility charges	\$ 132,000	\$ 139,220	\$ 151,250	\$ 12,030
Other charges for services	-	-	6,500	6,500
Total revenues	<u>132,000</u>	<u>139,220</u>	<u>157,750</u>	<u>18,530</u>
<u>Operating expenses</u>				
Overhead expenses	35,472	35,472	34,557	915
Personnel services	66,540	73,760	111,539	(37,779)
Operating supplies	-	-	1,729	(1,729)
Professional fees	-	-	6,500	(6,500)
Repairs and maintenance	12,288	12,288	4,455	7,833
Telephone and utilities	-	-	392	(392)
Other operating expenses	11,880	11,880	341	11,539
Capital outlay	<u>2,006,000</u>	<u>4,291,000</u>	<u>3,075,870</u>	<u>1,215,130</u>
Total operating expenses	<u>2,132,180</u>	<u>4,424,400</u>	<u>3,235,383</u>	<u>1,189,017</u>
<u>Other income (expense)</u>				
Investment earnings (loss)	-	-	(5,331)	(5,331)
Total other income (expense)	<u>-</u>	<u>-</u>	<u>(5,331)</u>	<u>(5,331)</u>
<u>Capital contributions and transfers</u>				
Capital contributions	-	-	4,113,680	4,113,680
Plant investment fees	380,000	380,000	330,000	(50,000)
Transfers in	-	2,285,000	4,041,903	1,756,903
Total contributed capital	<u>380,000</u>	<u>2,665,000</u>	<u>8,485,583</u>	<u>5,820,583</u>
Change in net position, budgetary basis	<u>\$ (1,620,180)</u>	<u>\$ (1,620,180)</u>	5,402,619	<u>\$ 7,022,799</u>
Reconciliation to GAAP basis				
Dedicated assets			911,619	
Capital outlay			3,075,870	
Depreciation			(168,275)	
Change in net position, GAAP basis			9,221,833	
Net position, beginning of year			-	
Net position, end of year			<u>\$ 9,221,833</u>	

See the accompanying Independent Auditors Report

SPECIAL REPORTS

LOCAL HIGHWAY FINANCE REPORT

City or County:

Severance

YEAR ENDING :

12/31/2021

This Information From The Records Of the Town of Severance

Prepared By:

Nancy Mueller

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	1,015,161
3. Other local imposts (from page 2)	758,491
4. Miscellaneous local receipts (from page 2)	23,119
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	1,796,771
B. Private Contributions	
C. Receipts from State government (from page 2)	321,153
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	2,117,923

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	120,081
2. Maintenance:	159,010
3. Road and street services:	
a. Traffic control operations	19,497
b. Snow and ice removal	71,125
c. Other	78,340
d. Total (a. through c.)	168,961
4. General administration & miscellaneous	184,816
5. Highway law enforcement and safety	720,951
6. Total (1 through 5)	1,353,820
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	1,353,820

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
	2,850,967	2,117,923	1,353,820	3,615,070	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): 12/31/2021	

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	(13,821)
b. Other local imposts:		b. Traffic Fines & Penalties	36,940
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	693,000	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	65,491	g. Other Misc. Receipts	
6. Total (1. through 5.)	758,491	h. Other	
c. Total (a. + b.)	758,491	i. Total (a. through h.)	23,119
	(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	270,169	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	50,984	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.)	50,984	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	321,153	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		120,081	120,081
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		0	0
(3). System Preservation		0	0
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	120,081	120,081
			(Carry forward to page 1)

Notes and Comments: