

TOWN OF SEVERANCE, COLORADO
FINANCIAL STATEMENTS
DECEMBER 31, 2022

TABLE OF CONTENTS

Independent Auditors' Report	i-iii
Management's Discussion and Analysis	iv-ix
BASIC FINANCIAL STATEMENTS	
<u>Government-Wide Financial Statements</u>	
Statement of Net Position	1
Statement of Activities	2
<u>Fund Financial Statements</u>	
Balance Sheet - Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures, And Changes in Fund Balance of the Governmental Fund to the Statement of Activities	6
Statement of Net Position – Proprietary Funds	7
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	8
Statement of Cash Flows – Proprietary Funds	9
NOTES TO THE FINANCIAL STATEMENTS	10 - 35
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	36 - 38
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Transportation Fund	39
Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset)	40
Schedule of the Town's Contributions and Related Ratios	41

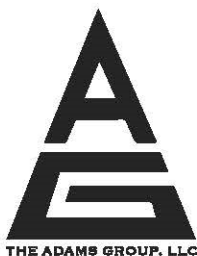
TABLE OF CONTENTS (CONTINUED)

SUPPLEMENTARY INFORMATION

Combining Balance Sheet – Governmental Non-Major Funds	42
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Non-Major Funds	43
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Conservation Trust Fund	44
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Parks Fund	45
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Public Facilities Fund	46
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Public Safety Fund	47
Schedule of Revenues, Expenditures and Changes in Fund Net Position – Budget and Actual (Budgetary Basis) – Water Fund	48
Schedule of Revenues, Expenditures and Changes in Fund Net Position – Budget and Actual (Budgetary Basis) – Wastewater Fund	49
Schedule of Revenues, Expenditures and Changes in Fund Net Position – Budget and Actual (Budgetary Basis) – Stormwater Fund	50
Statement of Net Position – Fleet Fund	51
Schedule of Revenues, Expenditures and Changes in Fund Net Position – Budget and Actual (Budgetary Basis) – Fleet Fund	52
Statement of Cash Flows – Fleet Fund	53

SPECIAL REPORTS

Local Highway Finance Report	54
------------------------------	----



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, 2022, 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, as of December 31, 2022, 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.

Emphasis of a Matter

As described in Note 12 to the financial statements, the Town's financial statements were restated as a result of errors noted related to prior year governmental activities capital assets. A prior period adjustment was made to correct the balances as of the beginning of the period. Our opinion is not modified with respect to this matter.

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
June 23, 2023

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, 2022. 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 \$8,559,148 and business-type net position increased by \$7,618,966 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 2022 by \$166,206,317 (net position). Of this amount, \$18,154,603 (unrestricted net position) may be used to meet the Town's ongoing obligations or unforeseen expenses. \$33,362,193 is restricted for future capital projects, net pension asset, and emergencies.

At the end of 2022 unrestricted net position for the proprietary funds (business-type activities) was \$2,606,723.

As of the close of fiscal year 2022, the Town's General Fund reported an ending fund balance of \$16,369,685 compared to the fiscal year 2021 balance of \$14,231,071. General Fund revenues increased by \$708,311 to \$8,440,382 as of December 31, 2022. General Fund expenditures decreased in 2022 by \$1,383,231 to \$6,296,486. This decrease in expenditures was primarily due to decreases in costs for capital outlay when compared to the prior year. The General Fund also had transfers out of \$528,591 during 2022. 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 as 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 \$166,206,317 as of December 31, 2022, and \$150,028,203, as restated, as of December 31, 2021. This represents an increase of \$16,178,114.

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	
	2022	2021*	2022	2021	2022	2021*
Assets						
Current and other assets	\$ 26,657,106	\$ 22,551,674	\$ 29,247,594	\$ 29,334,437	\$ 55,904,700	\$ 51,886,111
Capital assets	37,117,306	31,463,330	77,594,166	70,398,189	114,711,472	101,861,519
Net pension asset	253,603	105,420	-	-	253,603	105,420
Total assets	<u>64,028,015</u>	<u>54,120,424</u>	<u>106,841,760</u>	<u>99,732,626</u>	<u>170,869,775</u>	<u>153,853,050</u>
Deferred outflows of resources	<u>167,887</u>	<u>166,265</u>	<u>-</u>	<u>-</u>	<u>167,887</u>	<u>166,265</u>
Liabilities						
Current liabilities	<u>2,580,182</u>	<u>1,367,906</u>	<u>118,650</u>	<u>628,482</u>	<u>2,698,832</u>	<u>1,996,388</u>
Total liabilities	<u>2,580,182</u>	<u>1,367,906</u>	<u>118,650</u>	<u>628,482</u>	<u>2,698,832</u>	<u>1,996,388</u>
Deferred inflows of resources	<u>2,132,513</u>	<u>1,994,724</u>	<u>-</u>	<u>-</u>	<u>2,132,513</u>	<u>1,994,724</u>
Net position:						
Net investment in capital assets	37,095,355	31,463,330	77,594,166	70,321,551	114,689,521	101,784,881
Restricted	6,839,972	5,550,393	26,522,221	26,513,491	33,362,193	32,063,884
Unrestricted	<u>15,547,880</u>	<u>13,910,336</u>	<u>2,606,723</u>	<u>2,269,102</u>	<u>18,154,603</u>	<u>16,179,438</u>
Total net position	<u>\$ 59,483,207</u>	<u>\$ 50,924,059</u>	<u>\$ 106,723,110</u>	<u>\$ 99,104,144</u>	<u>\$ 166,206,317</u>	<u>\$ 150,028,203</u>

*Prior year balances have been restated. See Note 12 for additional information.

The statement of net position reflects a cash and investments position totaling \$52,278,413 or 31% of total assets. The bulk of the Town's resources, \$114,711,472 or 67% 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 and are reported as net investment in capital assets. 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 \$8,559,148. Business-type activities increased the Town's net position by \$7,618,966. During the year ended December 31, 2022, a prior period adjustment was made related to governmental activities. See Note 12 for further information. 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	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 1,293,906	\$ 1,721,260	\$ 3,356,959	\$ 2,928,894	\$ 4,650,865	\$ 4,650,154
Operating grants and contributions	1,535,623	839,832	-	-	1,535,623	839,832
Capital grants and contributions	5,948,026	12,527,702	8,277,495	14,546,039	14,225,521	27,073,741
General revenues:						
Property taxes and SOT	1,904,246	1,382,190	-	-	1,904,246	1,382,190
Sales & use taxes	3,245,728	3,808,807	-	-	3,245,728	3,808,807
Other taxes	240,058	174,481	-	-	240,058	174,481
Investment earnings (loss)	(284,214)	(67,248)	(408,080)	(97,914)	(692,294)	(165,162)
Other revenues	542,521	74,654	-	-	542,521	74,654
Internal balances	(1,817)	(3,836,857)	1,817	3,836,857	-	-
Total revenues	<u>14,424,077</u>	<u>16,624,821</u>	<u>11,228,191</u>	<u>21,213,876</u>	<u>25,652,268</u>	<u>37,838,697</u>
Expenses:						
General government	1,201,276	902,661	-	-	1,201,276	902,661
Community development	881,530	1,169,079	-	-	881,530	1,169,079
Public safety	1,545,472	1,228,219	-	-	1,545,472	1,228,219
Public works	1,868,524	1,426,021	-	-	1,868,524	1,426,021
Parks and recreation	416,880	366,427	-	-	416,880	366,427
Interest expense	-	981	-	-	-	981
Water	-	-	1,837,744	1,663,559	1,837,744	1,663,559
Wastewater	-	-	1,370,530	1,110,633	1,370,530	1,110,633
Stormwater	-	-	400,951	327,788	400,951	327,788
Loss on disposal and transfers	(48,753)	4,116,772	-	-	(48,753)	4,116,772
Total expenses	<u>5,864,929</u>	<u>9,210,160</u>	<u>3,609,225</u>	<u>3,101,980</u>	<u>9,474,154</u>	<u>12,312,140</u>
Change in net position	8,559,148	7,414,661	7,618,966	18,111,896	16,178,114	25,526,557
Net position, January 1, (as restated)	<u>50,924,059</u>	<u>46,125,818</u>	<u>99,104,144</u>	<u>80,992,248</u>	<u>150,028,203</u>	<u>127,118,066</u>
Net position, December 31,	<u>\$ 59,483,207</u>	<u>\$ 53,540,479</u>	<u>\$ 106,723,110</u>	<u>\$ 99,104,144</u>	<u>\$ 166,206,317</u>	<u>\$ 152,644,623</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 increased by \$2,138,614 for an ending balance of \$16,369,685 as of December 31, 2022. Total revenues increased \$708,311, which was primarily due to a decrease in property taxes and licenses and permit revenue. Total expenditures decreased by \$1,383,231, which was primarily driven by a decrease in capital outlay when compared to the prior year. During the year ended December 31, 2022, the General Fund had net transfers out of \$528,591.

TOWN OF SEVERANCE
MANAGEMENT'S DISCUSSION AND ANALYSIS

Transportation Fund – The Transportation Fund balance increased by \$135,621 for an ending balance of \$3,750,691 as of December 31, 2022. Total revenues decreased \$234,830, which was primarily due to a decrease in transportation impact fees. Total expenditures increased by \$310,727, which was primarily driven by an increase in capital outlay when compared to the prior year. During the year ended December 31, 2022, the Transportation Fund had net transfers of \$584,719 from the General Fund to support the Transportation Rehab Program for street capital maintenance.

For the year ending December 31, 2022, the General and Transportation Funds are the only major governmental funds. See the combining schedules on pages 42 and 43 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 \$3,587,183 for an ending balance of \$69,875,243. This increase is primarily due to contributed capital assets, water acquisition fees, and water impact fees. Net position is made up of a combination of cash, investments, and capital assets.

Wastewater Fund – The Wastewater Fund net position increased by \$2,863,738 for an ending fund balance of \$26,457,989. This increase is primarily due to dedicated capital assets and wastewater impact fees. Net position is made up of a combination of cash, investments, and capital assets.

Stormwater Fund – Net position increased by \$1,168,045 for an ending fund balance of \$10,389,878. This increase is primarily due dedicated assets and capital contributions. Net position is made up of a combination of cash, investments, and capital assets.

Capital Assets

Approximately 32% 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 2022, the Town continued its participation in the NISP project. See below for a breakout of the Town's capital assets as of December 31, 2022 when compared to the prior year. See Note 4 for additional information.

TOWN OF SEVERANCE MANAGEMENT'S DISCUSSION AND ANALYSIS

	Governmental Activities		Business-Type Activities		Total	
	2022	2021*	2022	2021	2022	2021*
Land and improvements	\$ 1,644,622	\$ 1,974,417	\$ 294,759	\$ -	\$ 1,939,381	\$ 1,974,417
Construction in progress	870,422	8,627,467	148,100	3,477,186	1,018,522	12,104,653
Infrastructure	31,489,068	19,071,494	-	-	31,489,068	19,071,494
Buildings	2,137,260	1,037,319	1,261,760	141,122	3,399,020	1,178,441
Vehicles	314,666	308,642	-	-	314,666	308,642
Equipment	661,268	443,991	88,753	111,313	750,021	555,304
Water rights	-	-	34,176,374	34,176,374	34,176,374	34,176,374
NISP CIP	-	-	5,322,877	4,370,069	5,322,877	4,370,069
North Weld County capacity	-	-	4,880,333	3,398,849	4,880,333	3,398,849
Water system	-	-	8,265,178	6,787,722	8,265,178	6,787,722
Wastewater System	-	-	14,129,579	11,857,078	14,129,579	11,857,078
Stormwater system	-	-	9,026,453	6,078,476	9,026,453	6,078,476
	<u>\$ 37,117,306</u>	<u>\$ 31,463,330</u>	<u>\$ 77,594,166</u>	<u>\$ 70,398,189</u>	<u>\$ 114,711,472</u>	<u>\$ 101,861,519</u>

*Prior year balances have been restated. See Note 12 for additional information.

Long-Term Liabilities

The Town's governmental and business type activities long-term liabilities consist of accrued compensated absences payable. See below for a breakout of the Town's long-term debt as of December 31, 2022 when compared to the prior year. See Note 5 for additional information.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Compensated absences	\$ 125,950	\$ 107,475	\$ 32,335	\$ 30,199	\$ 158,285	\$ 137,674
	<u>\$ 125,950</u>	<u>\$ 107,475</u>	<u>\$ 32,335</u>	<u>\$ 30,199</u>	<u>\$ 158,285</u>	<u>\$ 137,674</u>

Fiscal Outlook

The Town of Severance has multiple capital projects in the planning phase or under construction that address the needs of a growing community. These projects are funded by a combination of impact fees, grants, and fund balance and include traffic signals, water infrastructure, and a police station. In addition, over the next few years, there are significant capital projects planned, such as a community center, water treatment facility, wastewater treatment facility, and continued participation in the NISP project that will require financing through the issuance of bonds, state revolving loan funds, or bank loans. The Town will continue to be fiscally conservative while the required reserves are secured and healthy fund balances are maintained through these larger projects.

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 the Finance Director, 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 amueller@townofseverance.org.

BASIC FINANCIAL STATEMENTS

TOWN OF SEVERANCE
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 17,110,730	\$ 2,257,457	\$ 19,368,187
Cash and cash equivalents - restricted	6,381,005	26,529,221	32,910,226
Accounts receivable	514,377	-	514,377
Interest receivable	168,381	-	168,381
Utility receivable	-	231,646	231,646
Due from other governments	556,586	-	556,586
Other receivables	-	161,844	161,844
Inventory	2,826	67,426	70,252
Property tax receivable	1,882,089	-	1,882,089
Prepaid items	41,112	-	41,112
Capital assets, not depreciated	2,515,044	44,822,443	47,337,487
Capital assets, net of depreciation	34,602,262	32,771,723	67,373,985
Net pension asset	253,603	-	253,603
Total assets	64,028,015	106,841,760	170,869,775
<u>Deferred Outflows of Resources</u>			
Related to pension	167,887	-	167,887
Total deferred outflows of resources	167,887	-	167,887
<u>Liabilities</u>			
Accounts payable	678,279	79,315	757,594
Accrued liabilities	99,993	-	99,993
Deposits	39,929	7,000	46,929
Unearned revenue	1,636,031	-	1,636,031
Due within one year	125,950	32,335	158,285
Total liabilities	2,580,182	118,650	2,698,832
<u>Deferred Inflows of Resources</u>			
Unavailable property taxes	1,882,089	-	1,882,089
Related to pension	250,424	-	250,424
Total deferred inflows of resources	2,132,513	-	2,132,513
<u>Net Position</u>			
Net investment in capital assets	37,095,355	77,594,166	114,689,521
Restricted			
Emergency reserves	285,000	-	285,000
Capital projects	886,560	-	886,560
Street projects	3,750,691	-	3,750,691
Park projects	153,783	-	153,783
Public facilities	1,141,392	-	1,141,392
Public safety	236,616	-	236,616
Conservation trust	132,327	-	132,327
Net pension asset	253,603	-	253,603
System capacity and improvements	-	26,522,221	26,522,221
Unrestricted	15,547,880	2,606,723	18,154,603
Total net position	\$ 59,483,207	\$ 106,723,110	\$ 166,206,317

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

TOWN OF SEVERANCE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

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	\$ 1,201,276	\$ 429,843	\$ 969,169	\$ -	\$ 197,736	\$ -	\$ 197,736
Community development	881,530	808,323	-	-	(73,207)	-	(73,207)
Public safety	1,545,472	55,740	-	90,500	(1,399,232)	-	(1,399,232)
Public works	1,868,524	-	376,122	671,006	(821,396)	-	(821,396)
Parks and recreation	416,880	-	190,332	257,760	31,212	-	31,212
Loss on disposal and transfer of assets	(48,753)	-	-	-	48,753	-	48,753
Acceptance of assets	-	-	-	4,928,760	4,928,760	-	4,928,760
Total governmental activities	<u>5,864,929</u>	<u>1,293,906</u>	<u>1,535,623</u>	<u>5,948,026</u>	<u>2,912,626</u>	<u>-</u>	<u>2,912,626</u>
Business-Type Activities:							
Water	1,837,744	2,015,227	-	3,646,899	-	3,824,382	3,824,382
Wastewater	1,370,530	1,155,299	-	3,232,464	-	3,017,233	3,017,233
Stormwater	<u>400,951</u>	<u>186,433</u>	<u>-</u>	<u>1,398,132</u>	<u>-</u>	<u>1,183,614</u>	<u>1,183,614</u>
Total business-type activities	<u>3,609,225</u>	<u>3,356,959</u>	<u>-</u>	<u>8,277,495</u>	<u>-</u>	<u>8,025,229</u>	<u>8,025,229</u>
Total primary government	<u>9,474,154</u>	<u>4,650,865</u>	<u>1,535,623</u>	<u>14,225,521</u>	<u>2,912,626</u>	<u>8,025,229</u>	<u>10,937,855</u>
GENERAL REVENUES:							
Taxes							
General property					1,797,688	-	1,797,688
Specific ownership taxes					106,558	-	106,558
Sales					1,945,149	-	1,945,149
Use					1,300,579	-	1,300,579
Franchise					240,058	-	240,058
Investment earnings (loss)					(284,214)	(408,080)	(692,294)
Other revenues					542,521	-	542,521
Internal balances					(1,817)	1,817	-
Total general revenues					<u>5,646,522</u>	<u>(406,263)</u>	<u>5,240,259</u>
Changes in net position					8,559,148	7,618,966	16,178,114
Net position - beginning (as restated)					<u>50,924,059</u>	<u>99,104,144</u>	<u>150,028,203</u>
Net position - ending					<u>\$ 59,483,207</u>	<u>\$ 106,723,110</u>	<u>\$ 166,206,317</u>

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

TOWN OF SEVERANCE
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Transportation Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and investments	\$ 17,110,730	\$ -	\$ -	\$ 17,110,730
Cash and investments - restricted	499,254	3,830,327	1,664,118	5,993,699
Accounts receivable	514,377	-	-	514,377
Interest receivable	168,381	-	-	168,381
Inventory	2,826	-	-	2,826
Prepaid items	41,112	-	-	41,112
Due from other governments	556,586	-	-	556,586
Property taxes receivable	1,882,089	-	-	1,882,089
Total assets	<u>\$ 20,775,355</u>	<u>\$ 3,830,327</u>	<u>\$ 1,664,118</u>	<u>\$ 26,269,800</u>
<u>Liabilities, deferred inflows of resources and fund balance</u>				
Liabilities:				
Accounts payable	\$ 598,643	\$ 79,636	\$ -	\$ 678,279
Accrued liabilities	99,993	-	-	99,993
Deposits	39,929	-	-	39,929
Unearned revenue	1,636,031	-	-	1,636,031
Total liabilities	<u>2,374,596</u>	<u>79,636</u>	<u>-</u>	<u>2,454,232</u>
<u>Deferred inflows of resources</u>				
Unavailable property taxes	1,882,089	-	-	1,882,089
Other unavailable revenues	148,985	-	-	148,985
Total deferred inflows of resources	<u>2,031,074</u>	<u>-</u>	<u>-</u>	<u>2,031,074</u>
Fund balance:				
Nonspendable				
Prepaid items	41,112	-	-	41,112
Inventory	2,826	-	-	2,826
Restricted				
Emergencies	285,000	-	-	285,000
Capital projects	499,254	-	-	499,254
Street projects	-	3,750,691	-	3,750,691
Park projects	-	-	153,783	153,783
Public facilities	-	-	1,141,392	1,141,392
Public safety	-	-	236,616	236,616
Conservation trust	-	-	132,327	132,327
Unassigned	15,541,493	-	-	15,541,493
Total fund balances	<u>16,369,685</u>	<u>3,750,691</u>	<u>1,664,118</u>	<u>21,784,494</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,775,355</u>	<u>\$ 3,830,327</u>	<u>\$ 1,664,118</u>	<u>\$ 26,269,800</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, 2022

Total fund balance, governmental funds	\$ 21,784,494
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.	37,117,306
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	167,887
Deferred inflows related to pension	(250,424)
Unavailable revenues	148,985
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	(125,950)
Net pension asset	253,603
The internal service fund is used by management to charge capital asset acquisition to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.	387,306
Total net position of governmental activities	<u>\$ 59,483,207</u>

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, 2022

	General Fund	Transportation Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Taxes	\$ 5,390,032	\$ -	\$ -	\$ 5,390,032
Intergovernmental	1,786,649	-	102,726	1,889,375
Licenses and permits	1,021,367	-	-	1,021,367
Fines and forfeitures	55,740	-	-	55,740
Charges for services	216,799	-	-	216,799
Impact fees	-	491,006	528,260	1,019,266
Investment earnings (loss)	(214,362)	(46,657)	(17,950)	(278,969)
Other revenue	184,157	-	-	184,157
Total revenues	<u>8,440,382</u>	<u>444,349</u>	<u>613,036</u>	<u>9,497,767</u>
<u>Expenditures</u>				
Current:				
General government	1,115,739	-	-	1,115,739
Community development	881,530	-	-	881,530
Public safety	1,492,212	-	-	1,492,212
Public works	685,324	-	-	685,324
Parks, recreation and other	295,176	-	-	295,176
Capital outlay	1,826,505	893,447	-	2,719,952
Total expenditures	<u>6,296,486</u>	<u>893,447</u>	<u>-</u>	<u>7,189,933</u>
Excess (deficiency) of revenues over (under) expenditures	2,143,896	(449,098)	613,036	2,307,834
<u>Other financing sources (uses)</u>				
Proceeds from sale of capital assets	523,309	-	-	523,309
Transfers in	-	584,719	-	584,719
Transfers out	(528,591)	-	(450,496)	(979,087)
Total other financing sources (uses)	<u>(5,282)</u>	<u>584,719</u>	<u>(450,496)</u>	<u>128,941</u>
Net changes in fund balances	2,138,614	135,621	162,540	2,436,775
Fund balances - beginning of year	14,231,071	3,615,070	1,501,578	19,347,719
Fund balances - end of year	<u>\$ 16,369,685</u>	<u>\$ 3,750,691</u>	<u>\$ 1,664,118</u>	<u>\$ 21,784,494</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, 2022

Net changes in fund balance - total governmental funds: \$ 2,436,775

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	2,663,190
Acceptance of assets	4,928,760
Depreciation expense	(1,463,418)
Loss on disposal and transfer of assets	(474,556)

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	4,612
-------------------------------	-------

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	(18,475)
Pension income	94,954

The Town's internal service fund is used by management to charge costs
related to fleet acquisition to individual funds. The net revenue of the
internal service fund is reported in governmental activities

387,306

Change in net position of governmental activities	\$ 8,559,148
---	--------------

TOWN OF SEVERANCE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Business-Type Activities				Governmental Activities
	Water Fund	Wastewater Fund	Stormwater Fund	Total	Internal Service Fund (1)
<u>Assets</u>					
Current assets:					
Cash and investments	\$ 1,068,926	\$ 1,133,786	\$ 54,745	\$ 2,257,457	\$ -
Cash and investments - restricted	14,904,958	10,327,777	1,296,486	26,529,221	387,306
Utility receivable	112,975	101,849	16,822	231,646	-
Other receivable	69	161,768	7	161,844	-
Inventory	67,426	-	-	67,426	-
Total current assets	16,154,354	11,725,180	1,368,060	29,247,594	387,306
Noncurrent assets:					
Capital assets, not being depreciated	44,822,443	-	-	44,822,443	-
Capital assets, net of depreciation	8,972,337	14,772,931	9,026,455	32,771,723	-
Total noncurrent assets	53,794,780	14,772,931	9,026,455	77,594,166	-
Total assets	69,949,134	26,498,111	10,394,515	106,841,760	387,306
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	52,645	26,555	115	79,315	-
Customer deposits	7,000	-	-	7,000	-
Compensated absences, current	14,246	13,567	4,522	32,335	-
Total liabilities	73,891	40,122	4,637	118,650	-
<u>Net Position</u>					
Net investment in capital assets	53,794,780	14,772,931	9,026,455	77,594,166	-
Restricted	14,897,958	10,327,777	1,296,486	26,522,221	387,306
Unrestricted	1,182,505	1,357,281	66,937	2,606,723	-
Total net position	\$ 69,875,243	\$ 26,457,989	\$ 10,389,878	\$ 106,723,110	\$ 387,306

(1) Fleet Fund

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, 2022

	Business-Type Activities				Governmental Activities
	Water Fund	Wastewater Fund	Stormwater Fund	Total	Internal Service Fund (1)
Operating revenues					
Utility charges	\$ 1,888,073	\$ 1,155,299	\$ 186,433	\$ 3,229,805	\$ -
Other charges for services	127,154	-	-	127,154	-
Total operating revenues	<u>2,015,227</u>	<u>1,155,299</u>	<u>186,433</u>	<u>3,356,959</u>	<u>-</u>
Operating expenses					
Overhead expenses	109,428	104,198	34,776	248,402	-
Personnel services	324,627	313,701	85,493	723,821	-
Operating supplies	108,807	26,281	1,512	136,600	-
Professional fees	126,520	57,720	-	184,240	-
Repairs and maintenance	27,986	50,403	13,157	91,546	-
Treatment	725,941	170,640	-	896,581	-
Telephone and utilities	16,332	52,795	365	69,492	-
Other operating expenses	136,372	111,334	349	248,055	-
Depreciation	261,731	483,458	265,299	1,010,488	-
Total operating expenses	<u>1,837,744</u>	<u>1,370,530</u>	<u>400,951</u>	<u>3,609,225</u>	<u>-</u>
Operating income (loss)	177,483	(215,231)	(214,518)	(252,266)	-
Nonoperating revenues (expenses)					
Investment earnings (loss)	<u>(236,889)</u>	<u>(153,488)</u>	<u>(17,703)</u>	<u>(408,080)</u>	<u>(5,245)</u>
Total non-operating revenues (expenses)	<u>(236,889)</u>	<u>(153,488)</u>	<u>(17,703)</u>	<u>(408,080)</u>	<u>(5,245)</u>
Income (loss) before interfund transfers and contributions	(59,406)	(368,719)	(232,221)	(660,346)	(5,245)
Capital contributions					
Plant investment fees	1,302,700	1,034,406	180,000	2,517,106	-
Cash in lieu of dedication	718,125	-	-	718,125	-
Dedicated assets	1,626,074	2,198,058	1,218,132	5,042,264	-
Transfers in	-	-	2,134	2,134	392,551
Transfers out	<u>(310)</u>	<u>(7)</u>	<u>-</u>	<u>(317)</u>	<u>-</u>
Total capital contributions and transfers	<u>3,646,589</u>	<u>3,232,457</u>	<u>1,400,266</u>	<u>8,279,312</u>	<u>392,551</u>
Change in net position	3,587,183	2,863,738	1,168,045	7,618,966	387,306
Net position, beginning of year	<u>66,288,060</u>	<u>23,594,251</u>	<u>9,221,833</u>	<u>99,104,144</u>	<u>-</u>
Net position, end of year	<u>\$ 69,875,243</u>	<u>\$ 26,457,989</u>	<u>\$ 10,389,878</u>	<u>\$ 106,723,110</u>	<u>\$ 387,306</u>

(1) Fleet Fund

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

TOWN OF SEVERANCE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Business-Type Activities				Governmental Activities
	Water Fund	Wastewater Fund	Stormwater Fund	Total	Internal Service Fund (1)
Cash Flows From Operating Activities					
Cash received from customers	\$ 1,871,932	\$ 1,147,841	\$ 185,321	\$ 3,205,094	\$ -
Cash paid to suppliers	(1,699,536)	(575,569)	(132,038)	(2,407,143)	-
Cash paid to employees	(323,038)	(312,347)	(86,300)	(721,685)	-
Other operating receipts	127,473	84,487	(7)	211,953	-
Net cash provided (used) by operating activities	<u>(23,169)</u>	<u>344,412</u>	<u>(33,024)</u>	<u>288,219</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities					
Acquisition of capital assets	(2,525,635)	(493,560)	(145,005)	(3,164,200)	-
Tap fees received	2,020,825	1,034,406	180,000	3,235,231	-
Net cash provided (used) by capital and related financing activities	<u>(504,810)</u>	<u>540,846</u>	<u>34,995</u>	<u>71,031</u>	<u>-</u>
Cash Flows From Noncapital Financing Activities					
Transfers to/from other funds	(310)	(7)	2,134	1,817	392,551
Net cash provided (used) by noncapital financing activities	<u>(310)</u>	<u>(7)</u>	<u>2,134</u>	<u>1,817</u>	<u>392,551</u>
Cash Flows From Investing Activities					
Investment earnings (loss)	(226,143)	(147,930)	(17,101)	(391,174)	(5,245)
Net cash used by investing activities	<u>(226,143)</u>	<u>(147,930)</u>	<u>(17,101)</u>	<u>(391,174)</u>	<u>(5,245)</u>
Net change in cash and cash equivalents	(754,432)	737,321	(12,996)	(30,107)	387,306
Cash and cash equivalents and restricted cash, beginning of year	<u>16,728,316</u>	<u>10,724,242</u>	<u>1,364,227</u>	<u>28,816,785</u>	<u>-</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 15,973,884</u>	<u>\$ 11,461,563</u>	<u>\$ 1,351,231</u>	<u>\$ 28,786,678</u>	<u>\$ 387,306</u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities					
Net operating income	\$ 177,483	\$ (215,231)	\$ (214,518)	\$ (252,266)	\$ -
Adjustments to reconcile net operating income to cash provided by operating activities					
Depreciation expense	261,731	483,458	265,299	1,010,488	-
Changes in assets and liabilities related to operations					
(Increase) Decrease in:					
Accounts receivable	(8,822)	77,029	(1,119)	67,088	-
Inventory	(27,259)	-	-	(27,259)	-
Increase (Decrease) in:					
Accounts payable	(420,891)	(2,198)	(81,879)	(504,968)	-
Deposits	(7,000)	-	-	(7,000)	-
Compensated absences payable	1,589	1,354	(807)	2,136	-
Net cash provided by operating activities	<u>\$ (23,169)</u>	<u>\$ 344,412</u>	<u>\$ (33,024)</u>	<u>\$ 288,219</u>	<u>\$ -</u>

(1) Fleet Fund

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

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, and 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, 2022.

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, and it 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, 2022

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, 2022

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 120 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, sales taxes, and franchise fees. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

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

The Town reports the following non-major governmental funds:

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

Special Revenue Fund – Parks 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, 2022

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.

Additionally, the Town reports the following fund types:

Fleet Fund - The Fleet Fund is an internal service fund used to provide necessary vehicles and equipment as well as future repairs and maintenance on vehicles and equipment to various departments and divisions within the Town.

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.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. Investments are reported in accordance with GASB Statement No. 72, as amended.

Receivables

All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. 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.

Prepaid Items

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

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:

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (continued)

<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.

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.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows and Deferred Inflows of Resources (continued)

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 three items that qualify for reporting in this category. Accordingly, the items, deferred property tax revenue, unavailable revenues, 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 (income), 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. 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, 2022, fund balance of the governmental funds is classified as follows:

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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)

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, 2022, the Town had \$43,938 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, 2022, the Town had \$6,199,063 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.

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:

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Adoption of New Accounting Standard

For the year ended December 31, 2022, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This standard establishes a single model for lease accounting based on the foundational principle that leases are financing the right to use an underlying asset. The implementation of this standard had no impact on the Town for the year ended December 31, 2022.

NOTE 3 – CASH AND INVESTMENTS

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

Cash and investments	\$ 19,368,187
Cash and investments - restricted	32,910,226
Total cash and investments	<u>\$ 52,278,413</u>

Cash and investments at December 31, 2022 consist of the following:

Cash on hand	\$ 2,680
Cash deposits	680,910
Investments	51,594,823
Total	<u>\$ 52,278,413</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.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Cash Deposits (continued)

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, 2022, the bank balance and carrying amount of the Town's deposits were \$760,503 and \$683,590, 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:

- 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

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

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 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.

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

Below is a breakdown of the Town's investments as of December 31, 2022:

Investment Type	Rating - S&P	Maturity		Total
		Less than 1 Year	1 to 5 years	
Colorado Local Government Liquid Asset Trust (Colotrust)	AAAm	\$ 16,506,797	\$ -	\$ 16,506,797
Morgan Stanley Institutional Liquidity Fund	AAAm	550,508	-	550,508
U.S. Agency Bonds	AA+	14,007,597	20,529,921	34,537,518
Total		<u>\$ 31,064,902</u>	<u>\$ 20,529,921</u>	<u>\$ 51,594,823</u>

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

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 20 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, 2022, the Town had \$550,508 invested in the MSILF.

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.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balances December, 31 2021*	Additions	Deletions	Transfer	Balances December, 31 2022
<i>Governmental Activities:</i>					
Capital Assets, not being depreciated					
Land and improvements	\$ 1,974,417	\$ -	\$ 390,707	\$ 60,912	\$ 1,644,622
Construction in process	8,627,467	2,152,825	83,849	(9,826,021)	870,422
Total capital assets, not depreciated	10,601,884	2,152,825	474,556	(9,765,109)	2,515,044
Capital Assets, being depreciated					
Infrastructure	23,059,682	4,928,760	-	8,597,791	36,586,233
Buildings	1,485,416	20,470	-	1,167,318	2,673,204
Vehicles	751,003	104,999	-	-	856,002
Equipment	899,455	384,896	51,432	-	1,232,919
Total capital assets, depreciated	26,195,556	5,439,125	51,432	9,765,109	41,348,358
Accumulated depreciation					
Infrastructure	3,988,188	1,108,977	-	-	5,097,165
Buildings	448,097	87,847	-	-	535,944
Vehicles	442,361	98,975	-	-	541,336
Equipment	455,464	167,619	51,432	-	571,651
Total accumulated depreciation	5,334,110	1,463,418	51,432	-	6,746,096
Net capital assets, depreciated	20,861,446	3,975,707	-	9,765,109	34,602,262
Governmental Activities Capital Assets, net	\$ 31,463,330	\$ 6,128,532	\$ 474,556	\$ -	\$ 37,117,306

*Balances have been restated. See Note 12 for additional information.

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

Governmental activities	
General government	\$ 67,062
Public works	1,183,200
Public safety	148,214
Park and recreation	64,942
Total	<u>\$ 1,463,418</u>

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 – CAPITAL ASSETS (CONTINUED)

	Balances December, 31 2021	Additions	Deletions	Transfer	Balances December, 31 2022
<i>Business-Type Activities:</i>					
Capital Assets, not being depreciated					
Land	\$ -	\$ -	\$ -	\$ 294,759	\$ 294,759
Water rights	34,176,374	-	-	-	34,176,374
NISP, CIP	4,370,069	952,808	-	-	5,322,877
North Weld County Capacity	3,398,849	1,481,484	-	-	4,880,333
Construction in progress	3,477,186	319,282	142,157	(3,506,211)	148,100
Total capital assets, not depreciated	45,422,478	2,753,574	142,157	(3,211,452)	44,822,443
Capital Assets, being depreciated					
Water system	7,769,492	1,640,111	-	55,000	9,464,603
Wastewater system	14,642,899	2,714,515	-	-	17,357,414
Stormwater system	6,542,918	1,218,132	-	1,989,112	9,750,162
Buildings	233,713	-	-	1,167,340	1,401,053
Equipment	338,859	22,290	-	-	361,149
Total capital assets, depreciated	29,527,881	5,595,048	-	3,211,452	38,334,381
Accumulated depreciation					
Water system	981,770	217,655	-	-	1,199,425
Wastewater system	2,785,821	442,014	-	-	3,227,835
Stormwater system	458,410	265,299	-	-	723,709
Buildings	92,591	46,702	-	-	139,293
Equipment	233,578	38,818	-	-	272,396
Total accumulated depreciation	4,552,170	1,010,488	-	-	5,562,658
Net capital assets, depreciated	24,975,711	4,584,560	-	3,211,452	32,771,723
Business-Type Activities Capital Assets, net	<u>\$ 70,398,189</u>	<u>\$ 7,338,134</u>	<u>\$ 142,157</u>	<u>\$ -</u>	<u>\$ 77,594,166</u>

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

Business-type activities:

Water	\$ 261,731
Wastewater	483,458
Stormwater	265,299
Total	<u>\$ 1,010,488</u>

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022:

	Balances December 31, 2021	Additions	Deletions	Balances December 31, 2022	Due In One Year
<i>Governmental Activities:</i>					
Compensated absences	\$ 107,475	\$ 115,816	\$ 97,341	\$ 125,950	\$ 125,950
Total	<u>\$ 107,475</u>	<u>\$ 115,816</u>	<u>\$ 97,341</u>	<u>\$ 125,950</u>	<u>\$ 125,950</u>
<i>Business-Type Activities:</i>					
Compensated absences	\$ 30,199	\$ 27,126	\$ 24,990	\$ 32,335	\$ 32,335
Total	<u>\$ 30,199</u>	<u>\$ 27,126</u>	<u>\$ 24,990</u>	<u>\$ 32,335</u>	<u>\$ 32,335</u>

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 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.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

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 2022 from the project account amounted to \$84,537.

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.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Water Service Agreement (continued)

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.

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 \$952,808 in 2022 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.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 – RISK MANAGEMENT (CONTINUED)

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.

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 early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 – RETIREMENT COMMITMENTS (CONTINUED)

Benefits Provided (continued)

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.

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. In 2022, members of the SWDB plan and their employers contributed at a rate of 12 percent and 9 percent, respectively, of pensionable earnings for a total contribution rate of 21 percent. The Town's contributions to the plan of the year ended December 31, 2022, were \$54,876, 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, 2022, the Town reported a net pension asset of \$253,603, representing its proportionate share of the net pension asset of the plan. The net pension asset was measured at December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2022. 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, 2021, the Town's proportion was 0.0468% which was a decrease of 0.0018% from its proportion measured at December 31, 2020.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 – RETIREMENT COMMITMENTS (CONTINUED)

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

For the year ended December 31, 2022, the Town recognized pension income of \$72,099. At December 31, 2022, 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	\$ 72,620	\$ 5,915
Changes of Assumptions or other Inputs	36,166	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	169,725
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	4,225	74,784
Contributions Subsequent to the Measurement Date	54,876	-
Total	<u>\$ 167,887</u>	<u>\$ 250,424</u>

\$54,876 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2023	\$ (34,457)
2024	(52,013)
2025	(34,260)
2026	(17,936)
2027	3,559
Thereafter	(2,306)
	<u>\$ (137,413)</u>

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 – RETIREMENT COMMITMENTS (CONTINUED)

Actuarial Assumptions

The actuarial valuations as of January 1, 2022, 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, 2022	January 1, 2021
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 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.

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, 2021 are summarized in the following table:

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 – RETIREMENT COMMITMENTS (CONTINUED)

Actuarial Assumptions (continued)

<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).

For purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 1.84 percent (based on weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.00 percent.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 – RETIREMENT COMMITMENTS (CONTINUED)

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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the Net Pension Liability (Asset)	\$ (34,973)	\$ (253,603)	\$ (434,725)

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 \$49,112 in 2022. 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.

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, 2022.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

In 2017, the Town entered into an Intergovernmental Agreement with the Town of Windsor to bear one-third of the 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, 2022, the Town had construction commitments of \$621,830 related to on-going capital projects.

NOTE 10 – INTERNAL TRANSFERS

Interfund transfers for the year ending December 31, 2022 were comprised of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 528,591
Conservation Trust Fund	-	21,736
Transportation Fund	584,719	-
Parks Fund	-	428,760
Fleet Fund	392,551	
Water Fund	-	310
Wastewater Fund	-	7
Stormwater Fund	2,134	-
Total	<u>\$ 979,404</u>	<u>\$ 979,404</u>

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.

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.

TOWN OF SEVERANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 2022, the Town made a prior period adjustment related to governmental activities. In prior years, the Town recorded conveyed assets from metropolitan district’s consisting of infrastructure and landscaping improvements. In 2022, management determined that the landscaping improvements were not assets of the Town and should not be capitalized by the Town. Below is a summary of the impact on beginning net position:

	<u>Governmental Activities</u>
Balance at December 31, 2021	\$ 53,540,479
Prior period adjustment	<u>(2,616,420)</u>
Restated balance at December 31, 2021	<u>\$ 50,924,059</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>				
Taxes				
Property taxes	\$ 1,799,151	\$ 1,799,151	\$ 1,797,688	\$ (1,463)
Specific ownership taxes	65,000	65,000	106,558	41,558
Sales and use taxes	1,680,000	1,680,000	3,245,728	1,565,728
Franchise taxes	160,000	160,000	240,058	80,058
Total tax revenues	<u>3,704,151</u>	<u>3,704,151</u>	<u>5,390,032</u>	<u>1,685,881</u>
Intergovernmental				
Cigarette tax	3,000	3,000	4,909	1,909
Highway users	259,905	259,905	286,849	26,944
Road and bridge	115,000	115,000	89,273	(25,727)
Clerk/Motor vehicle fees	52,000	52,000	52,550	550
Mineral lease	35,000	87,606	87,606	-
Severance tax	5,000	404,945	404,945	-
Shared revenue	100,000	100,000	358,364	258,364
Other intergovernmental	776,000	1,092,621	502,153	(590,468)
Total intergovernmental revenues	<u>1,345,905</u>	<u>2,115,077</u>	<u>1,786,649</u>	<u>(328,428)</u>
Licenses and permits				
Liquor licenses	300	300	500	200
Building permits	550,000	550,000	719,931	169,931
Animal licenses	750	750	1,455	705
Business licenses and fees	4,000	4,000	3,055	(945)
Other licenses and fees	68,700	68,700	296,426	227,726
Total license and permit revenues	<u>623,750</u>	<u>623,750</u>	<u>1,021,367</u>	<u>397,617</u>
Fines and forfeitures	<u>50,100</u>	<u>50,100</u>	<u>55,740</u>	<u>5,640</u>
Charges for services				
Special events and charges	25,000	25,000	87,147	62,147
Rents	41,200	41,200	41,260	60
Impact fees and other charges	57,131	57,131	88,392	31,261
Total charges for services	<u>123,331</u>	<u>123,331</u>	<u>216,799</u>	<u>93,468</u>
Other				
Investment earnings (loss)	50,000	50,000	(214,362)	(264,362)
Miscellaneous revenues	18,000	18,000	184,157	166,157
Total miscellaneous	<u>68,000</u>	<u>68,000</u>	<u>(30,205)</u>	<u>(98,205)</u>
Total revenues	<u>5,915,237</u>	<u>6,684,409</u>	<u>8,440,382</u>	<u>1,755,973</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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Expenditures</u>				
General government				
Personnel services	628,288	628,288	674,383	(46,095)
Insurance	47,000	47,000	66,587	(19,587)
Professional fees	114,000	174,000	164,279	9,721
Election	2,000	2,000	-	2,000
Repairs and maintenance	79,375	79,375	70,687	8,688
Supplies	17,500	17,500	16,559	941
Telephone and utilities	11,000	11,000	17,203	(6,203)
Traveling and training	58,000	58,000	29,937	28,063
Other expenses	31,268	194,889	76,104	118,785
Total general government	<u>988,431</u>	<u>1,212,052</u>	<u>1,115,739</u>	<u>96,313</u>
Community development				
Personnel services	295,097	295,097	260,851	34,246
Professional fees	82,500	82,500	63,771	18,729
Building inspections	550,000	550,000	463,066	86,934
Repairs and maintenance	2,800	2,800	8,102	(5,302)
Supplies	4,600	4,600	4,188	412
Telephone and utilities	7,800	7,800	3,705	4,095
Traveling and training	3,200	3,200	917	2,283
Other expenses	70,425	70,425	76,930	(6,505)
Total community development	<u>1,016,422</u>	<u>1,016,422</u>	<u>881,530</u>	<u>134,892</u>
Public safety				
Personnel services	1,317,246	1,317,246	1,214,975	102,271
Contract labor	3,500	3,500	1,015	2,485
Fuel and automotive	20,000	20,000	32,278	(12,278)
Insurance	26,000	26,000	43,733	(17,733)
Professional fees	41,000	41,000	28,543	12,457
Repairs and maintenance	82,275	82,275	81,390	885
Supplies	57,000	57,000	40,903	16,097
Telephone and utilities	25,000	25,000	23,522	1,478
Traveling and training	14,000	14,000	13,475	525
Other expenses	82,700	82,700	12,378	70,322
Total public safety	<u>1,668,721</u>	<u>1,668,721</u>	<u>1,492,212</u>	<u>176,509</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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Public works				
Personnel services	255,842	255,842	196,295	59,547
Fuel and automotive	9,350	9,350	11,175	(1,825)
Insurance	29,000	29,000	41,921	(12,921)
Professional fees	500	500	195	305
Repairs and maintenance	330,876	330,876	326,884	3,992
Supplies	8,850	8,850	9,468	(618)
Telephone and utilities	28,300	28,300	23,922	4,378
Traveling and training	3,500	3,500	2,642	858
Other expenses	81,000	81,000	72,822	8,178
Total public works	747,218	747,218	685,324	61,894
Parks, recreation and other				
Personnel services	274,915	274,915	170,340	104,575
Professional fees	300	300	775	(475)
Repairs and maintenance	38,438	38,438	39,870	(1,432)
Supplies	19,050	19,050	37,640	(18,590)
Telephone and utilities	19,800	19,800	23,141	(3,341)
Traveling and training	3,000	3,000	1,222	1,778
Other expenses	31,200	31,200	22,188	9,012
Total health and welfare	386,703	386,703	295,176	91,527
Capital outlay				
General government	52,559	67,675	62,021	5,654
Community development	880,000	2,115,756	1,246,538	869,218
Public safety	-	621,449	452,238	169,211
Public works	348,000	501,000	65,708	435,292
Total capital outlay	1,280,559	3,305,880	1,826,505	1,479,375
ARPA grant expenditures				
ARPA grant expenditures	1,632,265	1,632,265	-	1,632,265
Total ARPA	1,632,265	1,632,265	-	1,632,265
Total expenditures	7,720,319	9,969,261	6,296,486	3,672,775
Excess (deficiency) of revenues over (under) expenditures	(1,805,082)	(3,284,852)	2,143,896	5,428,748
Other financing sources (uses)				
Proceeds from sale of assets	-	-	523,309	523,309
Transfers out	-	-	(528,591)	(528,591)
Total other financing sources (uses)	-	-	(5,282)	(5,282)
Net changes in fund balance	\$ (1,805,082)	\$ (3,284,852)	2,138,614	\$ 5,423,466
Fund balance - beginning of year			14,231,071	
Fund balance - end of year			\$ 16,369,685	

See accompanying Independent Auditors Report

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – TRANSPORTATION FUND
YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>				
Road infrastructure fee	\$ 696,475	\$ 1,321,475	\$ 491,006	\$ (830,469)
Investment earnings (loss)	-	-	(46,657)	(46,657)
Total revenues	<u>696,475</u>	<u>1,321,475</u>	<u>444,349</u>	<u>(877,126)</u>
<u>Expenditures</u>				
Transportation projects	941,000	3,766,000	585,773	3,180,227
Street improvements	-	-	307,674	(307,674)
Total expenditures	<u>941,000</u>	<u>3,766,000</u>	<u>893,447</u>	<u>2,872,553</u>
Excess (deficiency) of revenues over (under) expenditures	(244,525)	(2,444,525)	(449,098)	1,995,427
Other financing sources (uses)				
Transfers in	-	600,000	584,719	(15,281)
Total other financing sources (uses)	<u>-</u>	<u>600,000</u>	<u>584,719</u>	<u>(15,281)</u>
Net changes in fund balance	<u>\$ (244,525)</u>	<u>\$ (1,844,525)</u>	135,621	<u>\$ 1,980,146</u>
Fund balance - beginning of year			<u>3,615,070</u>	
Fund balance - end of year			<u>\$ 3,750,691</u>	

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Plan Measurement Date	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Town's Proportion of the Net Pension Liability (Asset)	0.0468%	0.0486%	0.0457%	0.0241%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ (253,603)	\$ (105,420)	\$ (25,861)	\$ 30,524
Town's Covered Payroll	376,712	390,022	337,015	40,402
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered payroll	(67.3%)	(27.0%)	(7.7%)	75.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.2%	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.

See accompanying Independent Auditors Report

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

Fiscal Year	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily Required Contributions	\$ 54,876	\$ 32,021	\$ 31,202	\$ 26,961	\$ 3,232
Contributions in Relation to the Statutorily Required Contribution	<u>54,876</u>	<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>	<u>\$ -</u>
Covered Payroll	\$ 609,732	\$ 376,712	\$ 390,022	\$ 337,015	\$ 40,402
Contributions as a Percentage of Covered Payroll	9.0%	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, 2022

	Conservation Trust Fund	Park Fund	Public Facilities Fund	Public Safety Fund	Total Non-Major Governmental Funds
<u>Assets</u>					
Cash and investments - restricted	\$ 132,327	\$ 153,783	\$ 1,141,392	\$ 236,616	\$ 1,664,118
Total assets	<u>\$ 132,327</u>	<u>\$ 153,783</u>	<u>\$ 1,141,392</u>	<u>\$ 236,616</u>	<u>\$ 1,664,118</u>
 Fund balance:					
Restricted					
Park projects	\$ -	\$ 153,783	\$ -	\$ -	\$ 153,783
Public facilities	-	-	1,141,392	-	1,141,392
Public safety	-	-	-	236,616	236,616
Conservation trust	132,327	-	-	-	132,327
Total fund balances	<u>132,327</u>	<u>153,783</u>	<u>1,141,392</u>	<u>236,616</u>	<u>1,664,118</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 132,327</u>	<u>\$ 153,783</u>	<u>\$ 1,141,392</u>	<u>\$ 236,616</u>	<u>\$ 1,664,118</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, 2022

	Conservation Trust Fund	Park Fund	Public Facilities Fund	Public Safety Fund	Total Non-Major Governmental Funds
<u>Revenues</u>					
Intergovernmental	\$ 102,726	\$ -	\$ -	\$ -	\$ 102,726
Impact fees	-	257,760	180,000	90,500	528,260
Investment earnings (loss)	(1,149)	(3,109)	(10,950)	(2,742)	(17,950)
Total revenues	<u>101,577</u>	<u>254,651</u>	<u>169,050</u>	<u>87,758</u>	<u>613,036</u>
Excess revenues over expenditures	101,577	254,651	169,050	87,758	613,036
<u>Other financing sources (uses)</u>					
Transfers out	(21,736)	(428,760)	-	-	(450,496)
Total other financing sources (uses)	<u>(21,736)</u>	<u>(428,760)</u>	<u>-</u>	<u>-</u>	<u>(450,496)</u>
Net changes in fund balances	79,841	(174,109)	169,050	87,758	162,540
Fund balances - beginning of year	52,486	327,892	972,342	148,858	1,501,578
Fund balances - end of year	<u>\$ 132,327</u>	<u>\$ 153,783</u>	<u>\$ 1,141,392</u>	<u>\$ 236,616</u>	<u>\$ 1,664,118</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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>				
Intergovernmental revenues	\$ 50,000	\$ 50,000	\$ 102,726	\$ 52,726
Investment earnings (loss)	-	-	(1,149)	(1,149)
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>101,577</u>	<u>51,577</u>
Excess (deficiency) of revenues over (under) expenditures	50,000	50,000	101,577	51,577
Other financing sources (uses)				
Transfers out	-	(25,240)	(21,736)	3,504
Total other financing sources (uses)	<u>-</u>	<u>(25,240)</u>	<u>(21,736)</u>	<u>3,504</u>
Net changes in fund balance	<u>\$ 50,000</u>	<u>\$ 24,760</u>	79,841	<u>\$ 55,081</u>
Fund balance - beginning of year			<u>52,486</u>	
Fund balance - end of year			<u>\$ 132,327</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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>				
Impact fees	\$ 287,360	\$ 287,360	\$ 257,760	\$ (29,600)
Investment earnings	-	-	(3,109)	(3,109)
Total revenues	<u>287,360</u>	<u>287,360</u>	<u>254,651</u>	<u>(32,709)</u>
Excess (deficiency) of revenues over (under) expenditures	287,360	287,360	254,651	(32,709)
Other financing sources (uses)				
Transfer out	-	(471,176)	(428,760)	42,416
Total other financing sources (uses)	<u>-</u>	<u>(471,176)</u>	<u>(428,760)</u>	<u>42,416</u>
Net changes in fund balance	<u>\$ 287,360</u>	<u>\$ (183,816)</u>	(174,109)	<u>\$ 9,707</u>
Fund balance - beginning of year			<u>327,892</u>	
Fund balance - end of year			<u>\$ 153,783</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, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>			
Impact fees	\$ 198,000	\$ 180,000	\$ (18,000)
Investment earnings (loss)	-	(10,950)	(10,950)
Total revenues	<u>198,000</u>	<u>169,050</u>	<u>(28,950)</u>
 Net changes in fund balance	 <u>\$ 198,000</u>	 169,050	 <u>\$ (28,950)</u>
 Fund balance - beginning of year		 <u>972,342</u>	
 Fund balance - end of year		 <u>\$ 1,141,392</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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues</u>			
Impact fees	\$ 99,000	\$ 90,500	\$ (8,500)
Investment earnings (loss)	<u>-</u>	<u>(2,742)</u>	<u>(2,742)</u>
Total revenues	<u>99,000</u>	<u>87,758</u>	<u>(11,242)</u>
 Net changes in fund balance	 <u><u>\$ 99,000</u></u>	 <u>87,758</u>	 <u><u>\$ (11,242)</u></u>
 Fund balance - beginning of year		 <u>148,858</u>	
 Fund balance - end of year		 <u><u>\$ 236,616</u></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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Operating revenues</u>				
Utility charges	\$ 1,634,927	\$ 1,921,642	\$ 1,888,073	\$ (33,569)
Other charges for services	-	-	127,154	127,154
Total revenues	<u>1,634,927</u>	<u>1,921,642</u>	<u>2,015,227</u>	<u>93,585</u>
<u>Operating expenses</u>				
Overhead expenses	105,572	105,572	109,428	(3,856)
Personnel services	298,439	298,439	324,627	(26,188)
Operating supplies	30,350	124,065	108,807	15,258
Professional fees	35,500	224,500	126,520	97,980
Repairs and maintenance	52,438	52,438	27,986	24,452
Treatment	857,500	857,500	725,941	131,559
Telephone and utilities	23,200	23,200	16,332	6,868
Other operating expenses	159,450	159,450	136,372	23,078
Capital outlay	4,007,735	8,445,907	2,679,067	5,766,840
Debt service	6,148	6,148	-	6,148
Total operating expenses	<u>5,576,332</u>	<u>10,297,219</u>	<u>4,255,080</u>	<u>6,042,139</u>
<u>Other income (expense)</u>				
Investment earnings (loss)	-	-	(236,889)	(236,889)
Total other income (expense)	<u>-</u>	<u>-</u>	<u>(236,889)</u>	<u>(236,889)</u>
<u>Contributed capital and transfers</u>				
Plant investment fees	744,200	744,200	1,302,700	558,500
Cash in lieu of fees	-	-	718,125	718,125
Transfers out	-	-	(310)	(310)
Total contributed capital and transfers	<u>744,200</u>	<u>744,200</u>	<u>2,020,515</u>	<u>1,276,315</u>
Change in net position, budgetary basis	<u>\$ (3,197,205)</u>	<u>\$ (7,631,377)</u>	<u>(456,227)</u>	<u>\$ 7,175,150</u>
Reconciliation to GAAP basis				
Dedicated assets			1,626,074	
Capital outlay			2,679,067	
Depreciation			<u>(261,731)</u>	
Change in net position, GAAP basis			3,587,183	
Net position, beginning of year			<u>66,288,060</u>	
Net position, end of year			<u>\$ 69,875,243</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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Operating revenues</u>				
Utility charges	\$ 1,050,261	\$ 1,066,261	1,155,299	\$ 89,038
Other charges for services	-	-	-	-
Total revenues	<u>1,050,261</u>	<u>1,066,261</u>	<u>1,155,299</u>	<u>89,038</u>
<u>Operating expenses</u>				
Overhead expenses	100,545	100,545	104,198	(3,653)
Personnel services	276,250	276,250	313,701	(37,451)
Operating supplies	42,350	42,350	26,281	16,069
Professional fees	56,400	56,400	57,720	(1,320)
Repairs and maintenance	70,000	70,000	50,403	19,597
Treatment	185,500	185,500	170,640	14,860
Telephone and utilities	45,000	45,000	52,795	(7,795)
Other operating expenses	14,500	30,500	111,334	(80,834)
Capital outlay	557,000	624,064	537,288	86,776
Total operating expenses	<u>1,347,545</u>	<u>1,430,609</u>	<u>1,424,360</u>	<u>6,249</u>
<u>Other income (expense)</u>				
Investment earnings (loss)	-	-	(153,488)	(153,488)
Total other income (expense)	<u>-</u>	<u>-</u>	<u>(153,488)</u>	<u>(153,488)</u>
<u>Capital contributions and transfers</u>				
Plant investment fees	1,144,000	1,144,000	1,034,406	(109,594)
Transfers out	-	(360)	(7)	353
Total contributed capital	<u>1,144,000</u>	<u>1,143,640</u>	<u>1,034,399</u>	<u>(109,241)</u>
Change in net position, budgetary basis	<u>\$ 846,716</u>	<u>\$ 779,292</u>	611,850	<u>\$ (167,442)</u>
Reconciliation to GAAP basis				
Dedicated assets			2,198,058	
Capital outlay			537,288	
Depreciation			(483,458)	
Change in net position, GAAP basis			2,863,738	
Net position, beginning of year			<u>23,594,251</u>	
Net position, end of year			<u>\$ 26,457,989</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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Operating revenues</u>				
Utility charges	\$ 158,750	\$ 170,750	\$ 186,433	\$ 15,683
Total revenues	<u>158,750</u>	<u>170,750</u>	<u>186,433</u>	<u>15,683</u>
<u>Operating expenses</u>				
Overhead expenses	33,515	33,515	34,776	(1,261)
Personnel services	92,409	92,409	85,493	6,916
Operating supplies	2,000	2,000	1,512	488
Repairs and maintenance	17,738	17,738	13,157	4,581
Telephone and utilities	750	750	365	385
Other operating expenses	5,000	17,000	349	16,651
Capital outlay	-	832,191	145,002	687,189
Total operating expenses	<u>151,412</u>	<u>995,603</u>	<u>280,654</u>	<u>714,949</u>
<u>Other income (expense)</u>				
Investment earnings (loss)	-	-	(17,703)	(17,703)
Total other income (expense)	<u>-</u>	<u>-</u>	<u>(17,703)</u>	<u>(17,703)</u>
<u>Capital contributions and transfers</u>				
Capital contributions	-	-	-	-
Plant investment fees	198,000	198,000	180,000	(18,000)
Transfers in	-	248,082	2,134	(245,948)
Total contributed capital	<u>198,000</u>	<u>446,082</u>	<u>182,134</u>	<u>(263,948)</u>
Change in net position, budgetary basis	<u>\$ 205,338</u>	<u>\$ (378,771)</u>	70,210	<u>\$ 448,981</u>
Reconciliation to GAAP basis				
Dedicated assets			1,218,132	
Capital outlay			145,002	
Depreciation			(265,299)	
Change in net position, GAAP basis			1,168,045	
Net position, beginning of year			<u>9,221,833</u>	
Net position, end of year			<u>\$ 10,389,878</u>	

See the accompanying Independent Auditors Report

TOWN OF SEVERANCE
STATEMENT OF NET POSITION
FLEET FUND
DECEMBER 31, 2022

Assets

Current assets:

Cash and investments - restricted	<u>\$ 387,306</u>
Total assets	<u>387,306</u>

Net Position

Restricted	<u>387,306</u>
Total net position	<u><u>\$ 387,306</u></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) –
FLEET FUND
YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Operating expenses</u>				
Capital outlay	\$ -	\$ 392,551	\$ -	\$ 392,551
Total operating expenses	-	392,551	-	392,551
<u>Other income (expense)</u>				
Investment earnings (loss)	-	-	(5,245)	(5,245)
Total other income (expense)	-	-	(5,245)	(5,245)
<u>Capital contributions and transfers</u>				
Transfers in	-	-	392,551	392,551
Total contributed capital	-	-	392,551	392,551
Change in net position, budgetary basis	\$ -	\$ (392,551)	387,306	\$ 779,857
Change in net position, GAAP basis			387,306	
Net position, beginning of year			-	
Net position, end of year			\$ 387,306	

See the accompanying Independent Auditors Report

TOWN OF SEVERANCE
STATEMENT OF CASH FLOWS
FLEET FUND
YEAR ENDED DECEMBER 31, 2022

Cash Flows From Noncapital Financing Activities

Transfers to/from other funds	<u>\$ 392,551</u>
Net cash provided (used) by noncapital financing activities	<u>392,551</u>

Cash Flows From Investing Activities

Investment earnings (loss)	<u>(5,245)</u>
Net cash used by investing activities	<u>(5,245)</u>

Net change in cash and cash equivalents	387,306
---	---------

Cash and cash equivalents and restricted cash, beginning of year	<u>-</u>
---	----------

Cash and cash equivalents and restricted cash, end of year	<u><u>\$ 387,306</u></u>
---	--------------------------

See the accompanying Independent Auditors Report

SPECIAL REPORTS

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Severance			
		YEAR ENDING : 12/31/2022			
This Information From The Records Of the Town of Severance		Prepared By: Phone:	Nancy Mueller 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		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES			
ITEM	AMOUNT	ITEM	AMOUNT		
A. Receipts from local sources:		A. Local highway disbursements:			
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,054		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	227,366		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	15,601		
2. General fund appropriations	767,953	b. Snow and ice removal	53,653		
3. Other local imposts (from page 2)	597,564	c. Other	75,821		
4. Miscellaneous local receipts (from page 2)	9,050	d. Total (a. through c.)	145,075		
5. Transfers from toll facilities		4. General administration & miscellaneous	180,803		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,024,047		
a. Bonds - Original Issues		6. Total (1 through 5)	1,578,344		
b. Bonds - Refunding Issues		B. Debt service on local obligations:			
c. Notes		1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest			
7. Total (1 through 6)	1,374,567	b. Redemption			
B. Private Contributions		c. Total (a. + b.)	0		
C. Receipts from State government		2. Notes:			
(from page 2)	339,399	a. Interest			
D. Receipts from Federal Government		b. Redemption			
(from page 2)	0	c. Total (a. + b.)	0		
E. Total receipts (A.7 + B + C + D)	1,713,966	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)	1,578,344		
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
	3,615,070	1,713,966	1,578,344	3,750,692	0
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado YEAR ENDING (mm/yy): 12/31/2022	
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	(46,657)
b. Other local imposts:		b. Traffic Fines & Penalties	55,707
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	491,006	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	106,558	g. Other Misc. Receipts	
6. Total (1. through 5.)	597,564	h. Other	
c. Total (a. + b.)	597,564	i. Total (a. through h.)	9,050
	(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	286,849	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	52,550	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.)	52,550	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	339,399	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		1,054	1,054
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	1,054	1,054
			(Carry forward to page 1)
Notes and Comments:			