TOWN OF SEVERANCE
SEVERANCE, COLORADO

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2016

E

RECEIVED
By the Office of the State Auditor at 8:31 am, Aug 16, 2017

TABLE OF CONTENTS

FINANCIAL SECTION

The discussion and analysis of the Town of Severance's financial performance provides an overall review of the Town's Financial activities for the year ended December 31, 2016. 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 $1,252,325 and business-type net position increased by $1,102,272 for the year. The assets of the Town exceeded its liabilities at the close of fiscal year 2016 by $44,401,597 (net position). Of this amount, $6,746,679 (unrestricted net position) may be used to meet the Town's ongoing obligations or unforeseen expenses.

At the end of 2016 unrestricted net position for the proprietary funds (business-type activities) was $1,811,537.

As of the close of fiscal year 2016, the Town's General Fund reported an ending fund balance of $5,032,473 compared to the fiscal year 2015 balance of $5,061,305.

General Fund 2016 revenues decreased by $131,311.00 to $2,171,268. General Fund expenditures increased in 2016 by $380,853 to $1,700,100. This increase in expenditures was due to the completion of capital outlay projects and an increase in public safety with additional Law Enforcement services.

Using the Basic Financial Statements

The Basic Financial Statements consists of the Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Town of Severance as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financials 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 were financed in the short term as well as what remains for future spending. The Town has one governmental fund, the General Fund.

Proprietary fund statements offer short and long-term financial information about the activities that the Town operates as a business. The Town operates two proprietary funds as follow:

Water Fund
Sewer Fund

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 detail data.

Financial Analysis of the Town as a Whole

The Town's total net positions were $43,583,055 as of December 31, 2016, and $41,228,458 as of December 31, 2015. This represents an increase of $2,354,597.

Government-Wide Financial Statements

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

The two government-wide statements report the Town's net position and how they have changed. The change in net position is important because it tells the reader that for the Town as a whole, the financial position of the Town has improved or diminished. The cause of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions, and state or federal government required programs.

Both of 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, public safety (code and law enforcement), public works and parks. The Business-type Activities of the Town of Severance consists of water and sewer services.

Net Position

Net position might serve over time as a useful indicator of a government's financial position. In the case of the Town of Severance, total assets exceeded liabilities by approximately $44 million at the close of 2016.

Net position of the Town at December 31, 2016 was as follows:

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
ASSETS						
Current Assets	$ 6,793,321	$ 7,183,855	$ 6,821,657	$ 7,768,840	$ 13,614,978	$ 14,952,695
Capital Assets Net	7,277,612	5,727,947	23,509,007	21,646,993	30,786,619	27,374,940
Total Assets	14,070,933	12,911,802	30,330,664	29,415,833	44,401,597	42,327,635
LIABILITIES						
Current Liabilities	90,542	138,128	20,881	210,038	111,423	348,166
Noncurrent Liabilities	13,331	16,100	10,826	9,110	24,157	25,210
Total Liabilities	103,873	154,228	31,707	219,148	135,580	373,376
DEFERRED INFLOW OF						
FINANCIAL RESOURCES	682,962	725,801	-	-	682,962	725,801
NET POSITION						
Net Investment in						
Capital Assets	7,277,612	5,727,947	23,509,007	21,646,993	30,786,619	27,374,940
Restricted	1,071,344	1,553,202	4,978,413	5,474,292	6,049,757	7,027,494
Unrestricted	4,935,142	4,750,624	1,811,537	2,075,400	6,746,679	6,826,024
Total Net Position	**$ 13,284,098**	**$ 12,031,773**	**$ 30,298,957**	**$ 29,196,685**	**$ 43,583,055**	**$ 41,228,458**

The statement of net position reflects a cash position totaling $12,761,405 or 28% of total assets. The bulk of the Town's resources, $30,786,619 million or 70% of total assets, are invested in capital assets. These assets consist of land and improvements, buildings, equipment, and utility system assets.

The Town of Severance uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Severance's investment in its capital assets are reported net of related debt, it should be noted that the funds needed to repay this debt must be provided from other sources since, in general, the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position

Governmental activities increased the Town of Severance's net position by $1,252,325. Business activities increased the Town's net position by $1,102,272. A summary of the changes in net position is as follows:

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
PROGRAM REVENUES						
Charges for Services	$ 413,687	$ 467,524	$ 1,029,805	$ 962,117	$ 1,443,492	$ 1,429,641
Operating Grants & Contributions	311,909	377,083	-	-	311,909	377,083
Capital Grants & Contributions	586,411	113,589	1,198,300	797,962	1,784,711	911,551
Total Program Revenues	1,312,007	958,196	2,228,105	1,760,079	3,540,112	2,718,275
GENERAL REVENUES						
Property Taxes	697,400	662,695	-	-	697,400	662,695
Sales Taxes	717,005	800,470	-	-	717,005	800,470
Other Taxes	194,712	209,017	-	-	194,712	209,017
Interest Earnings	42,152	11,547	7,026	33,540	49,178	45,087
Miscellaneous	(505,268)	17,488	-	594	(505,268)	18,082
Total General Revenues	1,146,001	1,701,217	7,026	34,134	1,153,027	1,735,351
Total Revenues	2,458,008	2,659,413	2,235,131	1,794,213	4,693,139	4,453,626
PROGRAM EXPENSES						
General Government	306,106	238,154	-	-	306,106	238,154
Public Safety	322,427	187,287	-	-	322,427	187,287
Public Works	360,726	1,021,471	-	-	360,726	1,021,471
Parks and Recreation	216,424	236,015	-	-	216,424	236,015
Interest Expense	-	-	-	-	-	-
Unallocated Depreciation	-	103,406	-	-	-	103,406
Sewer	-	-	695,507	643,488	695,507	643,488
Water	-	-	437,352	410,367	437,352	410,367
Total Program Expenses	1,205,683	1,786,333	1,132,859	1,053,855	2,338,542	2,840,188
Change in Net Position	1,252,325	873,080	1,102,272	740,358	2,354,597	1,613,438
Net Position, Beginning	12,031,773	11,158,693	29,196,685	28,456,327	41,228,458	39,615,020
Net Position, Ending	**$ 13,284,098**	**$ 12,031,773**	**$ 30,298,957**	**$ 29,196,685**	**$ 43,583,055**	**$ 41,228,458**

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, unreserved 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 went from a balance of $5,061,305 to $5,032,473. Decreasing total revenues by $131,311, while expenditures increased by $380,853, which was a result of increased capital outlay projects and additional Law Enforcement services.

Street Impact Fund – The Street Impact Fund decrease from a fund balance in 2015 $650,446 to $246,802, a fund balance in 2016. This decrease is due to completing the Down Town Street Improvement Projects.

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

Water Fund – Water Fund net position increased by $792,711. This was due to an increase in building permits local plant investments fees.

Sewer Fund – Sewer Fund net position increased by $309,561. This was due to permit infrastructure and tap fees.

Capital Assets

Approximately 24% of the Town's capital assets support governmental activities. The majority of the value is invested in land, buildings and improvements. In 2016 the Down Town Drainage Improvement Project was completed.

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land and improvements	$ 291,215	$ 200,129	$ -	$ 491,344
Construction in Progress	565,963	-	565,963	-
Total capital assets not being depreciated	857,178	200,129	565,963	491,344
Capital assets being depreciated:				
Infrastructure	5,250,721	2,210,293	-	7,461,014
Buildings	1,367,228	-	-	1,367,228
Vehicles	316,946	-	-	316,946
Equipment	379,704	20,229	-	399,933
Total capital assets being depreciated	7,314,600	2,230,522	-	9,545,122
Less accumulated depreciation:				
Infrastructure	1,860,639	225,320	-	2,085,959
Buildings	171,153	44,241	-	215,394
Vehicles	133,603	26,617	-	160,220
Equipment	278,436	18,845	-	297,281
Total accumulated depreciation	2,443,831	315,023	-	2,758,854
Total capital assets, net	**$ 5,727,947**	**$ 2,115,628**	**$ 565,963**	**$ 7,277,611**

The Town's business-type activities capital assets consist of its investments in its utility systems and related equipment. In 2015 the Town began construction of a new water tank and water line infrastructure project which was completed in 2016.

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Water rights	$ 12,312,000	$ 1,198,500	$ -	$ 13,510,500
Northern Integrated Supply Proj. in progress	535,078	113,750	-	648,828
North Weld County Water Dist. Capacity	2,318,850	-	-	2,318,850
Construction in progress - Water Tank	542,778	-	542,778	-
Total capital assets not being depreciated	15,708,706	1,312,250	542,778	16,478,178
Capital assets being depreciated:				
Water System	1,970,522	1,330,905	-	3,301,427
Sewer System	5,492,550	18,702	-	5,511,252
Buildings	223,240	-	-	223,240
Equipment	155,305	-	-	155,305
Total capital assets being depreciated	7,841,617	1,349,607	-	9,191,224
Less accumulated depreciation:				
Water System	428,428	43,437	-	471,865
Sewer System	1,427,110	120,465	-	1,547,575
Buildings	46,197	7,441	-	53,638
Equipment	72,595	14,721	-	87,316
Total accumulated depreciation	1,974,330	186,064	-	2,160,394
Total Capital Assets, net	**$ 21,575,993**	**$ 2,475,793**	**$ 542,778**	**$ 23,509,008**

Long-Term Debt

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

	Balance January 1 2016	Advances	Payments	Balance December 31 2016
Governmental activities				
Compensated absences	**$ 16,100**	**$ -**	**$ 2,769**	**$ 13,331**

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

	Balance January 1 2016	Advances	Payments	Balance December 31 2016
Business-type activities				
Compensated absences	$ 9,110	$ 1,716	$ -	$ 10,825

FUND SUMMARIES

GENERAL FUND

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

Street Fund

The Street Fund is responsible for maintaining the Town's streets. Asphalt patching, overlay, chip seal, and crack filling are contracted out to independent contractors. Snow removal, painting, traffic sign installation and general maintenance of unpaved street and alleys that are maintained by the Town. The Street Infrastructure fee accounts for improvements to the Town's street system funded through infrastructure fee assessments on building permits. The 2016 revenues are $668,146. In the Street Fund, Maintenance and Capital Outlay totaled $469,134. The fund balance at the conclusion of 2016 is $246,802.

ENTERPRISE FUNDS

Water Fund

The Water Fund is proprietary fund used to account for the Town's ongoing activities that are similar to a private business enterprise. The measurement focus of proprietary funds is on the determination of net income. Enterprise Funds account for the operation of Town facilities that are predominately self-supporting through user charges. The Water Fund was established to account for the acquisition, operation and maintenance of the Town's water facilities and infrastructure. The Water Fund revenue for 2016 is $1,488,218. Included in this total is $684,908 for water sales and other charges for meter pit set sales, cash in lieu of water rights for Water Acquisition of $796,846. The 2016 water rates remained the same a minimum charge of $28.00 for the first 5,000 gallons; $3.00 per 1000 for excess usage up to 15,000 gallons; and $3.25 per 1000 for excess usage over 15,000 gallons. The Board of Trustees and staff are currently analyzing the water rates structure in an effort to promote water conservation based on the Town's new water efficiency plan.

Sewer Fund

Sewer Fund revenues for 2016 are $746,913. The total operating Expenses for 2016 are $327,604. The Sewer Treatment monthly fees will remain at $25.00 per month for residential users. The Board of Trustees and staff are currently analyzing the sewer treatment fees for all users based on water usage.

Fiscal Outlook

Looking towards future fiscal years, the Town of Severance is actively planning several long-term capital projects to offer more amenities to our citizens. Some of these projects include phase two of the Downtown Drainage Project, paving existing gravel streets, the addition of a new Public Works facility, a concentrated focus on economic development through increasing commercial services, and the expansion of parks and recreation in the Town. Expanding on the last item, the Town is actively working on a Parks and Recreation Plan during the Fiscal Year 2017 and is now working on the creation of a 90-acre community park which will not only create recreation opportunities for the Town but as well as the region. The Town will also continue to purchase water and maintain sewer infrastructure for the increased growth. Lastly, the Town is currently evaluating and moving towards the creation of a municipal police department in the 2018/2019 fiscal years.

Request for Information

The financial statements are designed to provide information for regulatory reporting to federal and state agencies and those with an interest in the Town's finances. Questions concerning this or any additional information should be addressed to Treasurer, Town of Severance, P.O Box 339, Severance, CO 80546.

Holscher, Mayberry & Company, LLC
Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Trustees
Town of Severance
Severance, Colorado

Independent Auditors' Report

Report on the Financial Statements

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, as of and for the year ended December 31, 2016, and the related notes to the financial statements which collectively comprise the basic financial statements of the Town, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Severance, Colorado, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

8310 South Valley Highway – Suite 300
Englewood, Colorado 80112
Voice (303) 993 – 2199
Fax (720) 633 – 9763

Report on Summarized Comparative Information

We have previously audited the Town of Severance's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 20, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management's Discussion and Analysis

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

Required Supplementary Information – Budgetary Comparison Schedules and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules shown on pages 25 - 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The combining and budgetary comparison statements and schedules listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Local Highway Finance Report page 34 - 35 is presented for purposes of legal compliance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Holscher, Mayberry & Company, LLC

Englewood, Colorado
May 20, 2017

INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

INTENTIONALLY LEFT BLANK

TOWN OF SEVERANCE, COLORADO

STATEMENT OF NET POSITION
DECEMBER 31, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Cash	$ 6,023,980	$ 6,737,425	$ 12,761,405
Receivables			
Property Tax Receivable	678,912	-	678,912
Interest Receivable	3,531	-	3,531
Utility Receivable	-	84,169	84,169
Cash with Fiscal Agent	4,591	-	4,591
Accounts Receivable	285	63	348
Other Receivables	81,684	-	81,684
Other Current Assets	338	-	338
Total Current Assets	6,793,321	6,821,657	13,614,978
Noncurrent Assets			
Capital Assets not being Depreciated	491,344	16,478,178	16,969,522
Capital Assets being Depreciated	9,545,122	9,191,224	18,736,346
Accumulated Depreciation	(2,758,854)	(2,160,395)	(4,919,249)
Total Noncurrent Assets	7,277,612	23,509,007	30,786,619
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 14,070,933	$ 30,330,664	$ 44,401,597
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	$ 34,148	$ 20,881	$ 55,029
Accrued Liabilities	502	-	502
Deposits and Escrow	55,892	-	55,892
Total Current Liabilities	90,542	20,881	111,423
Noncurrent Liabilities			
Due in more than one year	13,331	10,826	24,157
TOTAL LIABILITIES	103,873	31,707	135,580
DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Other Deferred Inflows	682,962	-	682,962
NET POSITION			
Net Investment in Capital Assets	7,277,612	23,509,007	30,786,619
Restricted Net Position	1,071,344	4,978,413	6,049,757
Unrestricted Net Position	4,935,142	1,811,537	6,746,679
TOTAL NET POSITION	13,284,098	30,298,957	43,583,055
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 14,070,933	$ 30,330,664	$ 44,401,597

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

TOWN OF SEVERANCE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

		PROGRAM REVENUES		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
FUNCTIONS/PROGRAMS				
Government Activities				
Current:				
General Government	$ 356,935	$ 188,687	$ 163,960	$ -
Public Safety	322,427	10,845	-	-
Public Works	284,109	226,113	93,690	586,411
Culture and Recreation	242,213	10,590	54,259	-
TOTAL GOVERNMENT ACTIVITIES	1,205,684	436,235	311,909	586,411
Business-type Activities				
Current:				
Water	695,507	684,908	-	796,846
Sewer	437,352	344,897	-	401,454
TOTAL BUSINESS-TYPE ACTIVITIES	1,132,859	1,029,805	-	1,198,300
TOTAL GOVERNMENT	$ 2,338,543	$ 1,466,040	$ 311,909	$ 1,784,711
GENERAL REVENUES				
Property Taxes				
Specific Ownership Taxes				
Sales Taxes				
Franchise Taxes				
Other Taxes				
Interest Income				
Gain (Loss) on Disposal of Capital Assets				
Insurance Proceeds				
Other Revenues				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION - Beginning				
NET POSITION - Ending				

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
$ (4,288)	$ -	$ (4,288)
(311,582)	-	(311,582)
622,105	-	622,105
(177,364)	-	(177,364)
128,871	-	128,871
-	786,247	786,247
-	308,999	308,999
-	1,095,246	1,095,246
128,871	1,095,246	1,224,117
655,939	-	655,939
41,462	-	41,462
624,747	-	624,747
92,258	-	92,258
194,300	-	194,300
42,563	6,660	49,223
(565,963)	-	(565,963)
-	366	366
38,148	-	38,148
1,123,454	7,026	1,130,480
1,252,325	1,102,272	2,354,597
12,031,773	29,196,685	41,228,458
$ 13,284,098	$ 30,298,957	$ 43,583,055

TOWN OF SEVERANCE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016
With Comparative Totals for December 31, 2015

	General Fund	SPEC REV FD Street Impact Fund	Other Funds
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Cash	$ 5,015,906	$ 258,802	$ 749,272
Receivables			
Property Tax Receivable	678,912	-	-
Interest Receivable	3,531	-	-
Cash with Fiscal Agent	4,591	-	-
Accounts Receivable	285	-	-
Other Receivables	81,684	-	-
Other Current Assets	338	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 5,785,247	$ 258,802	$ 749,272
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	$ 25,418	$ -	$ 8,730
Accrued Liabilities	502	-	-
Deposits and Escrow	43,892	12,000	-
TOTAL LIABILITIES	69,812	12,000	8,730
DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Deferred Grants	-	-	-
Other Deferred Inflows	682,962	-	-
TOTAL DEFERRED INFLOWS	682,962	-	-
FUND BALANCE			
Restricted Fund Balance	84,000	246,802	740,542
Assigned Fund Balance	1,086,630	-	-
Unassigned Fund Balance	3,861,843	-	-
TOTAL FUND BALANCE	5,032,473	246,802	740,542
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	$ 5,785,247	$ 258,802	$ 749,272

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

Total	
2016	2015
$ 6,023,980	$ 6,417,145
678,912	655,229
3,531	44,432
4,591	4,522
285	563
81,684	35,339
338	-
$ 6,793,321	$ 7,157,230
$ 34,148	$ 99,031
502	472
55,892	12,000
90,542	111,503
-	70,572
682,962	655,229
682,962	725,801
1,071,344	1,553,202
1,086,630	961,101
3,861,843	3,805,623
6,019,817	6,319,926
$ 6,793,321	$ 7,157,230

INTENTIONALLY LEFT BLANK

TOWN OF SEVERANCE, COLORADO

RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
DECEMBER 31, 2016

Fund Balance - Governmental Funds		$ 6,019,817
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	$ 491,344	
Capital assets, being depreciated	9,545,122	
Accumulated depreciation	(2,758,854)	7,277,612
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Accrued compensated absences	(13,331)	(13,331)
Total Net Position - Governmental Activities		$ 13,284,098

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

TOWN OF SEVERANCE, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	General Fund	Street Impact Fund	Other Funds
REVENUES			
Taxes	$ 1,414,407	$ 79,800	$ 114,500
Intergovernmental Revenues	256,853	586,412	54,258
Licenses and Permits	339,674	-	-
Fines and Forfeits	6,792	-	-
Charges for Services	89,768	-	-
Investment Earnings	40,331	1,934	298
Other Revenues	23,445	-	15,500
TOTAL REVENUES	2,171,270	668,146	184,556
EXPENDITURES			
Current:			
General Government	261,963	-	-
Public Safety	322,188	-	-
Public Works	720,479	-	-
Parks, Recreation and Other	129,443	-	38,730
Capital Outlay	266,029	1,571,790	13,459
TOTAL EXPENDITURES	1,700,102	1,571,790	52,189
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	471,168	(903,644)	132,367
OTHER FINANCING SOURCES (USES)			
Transfers (In)	-	500,000	-
Transfers (Out)	(500,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(500,000)	500,000	-
NET CHANGE IN FUND BALANCE - GAAP BASIS	(28,832)	(403,644)	132,367
FUND BALANCE, BEGINNING	5,061,305	650,446	608,175
FUND BALANCE, ENDING	$ 5,032,473	$ 246,802	$ 740,542

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

Total	
2016	**2015**
$ 1,608,707	$ 1,672,182
897,523	489,922
339,674	374,195
6,792	10,928
89,768	82,401
42,563	11,547
38,945	20,675
3,023,972	2,661,850
261,963	230,236
322,188	187,083
720,479	644,571
168,173	135,134
1,851,278	754,268
3,324,081	1,951,292
(300,109)	710,558
500,000	600,000
(500,000)	(600,000)
-	-
(300,109)	710,558
6,319,926	5,609,368
$ 6,019,817	$ 6,319,926

TOWN OF SEVERANCE, COLORADO

RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

Change in Fund Balance - Governmental Funds		$ (300,109)
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level		
Capitalized Asset Purchases	2,430,651	
Depreciation Expense	(315,023)	
Gain (Loss) on Asset Disposals	(565,963)	1,549,665
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level		
Change in accrued compensated absences	2,769	2,769
Change in Net Position - Governmental Activities		$ 1,252,325

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

TOWN OF SEVERANCE, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016
With Comparative Totals for December 31, 2015

	Business-type Activities		Total	
	Water Fund	Sewer Fund	2016	2015
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments				
Cash	$ 4,685,416	$ 2,052,009	$ 6,737,425	$ 7,533,637
Receivables				
Intergovernmental Receivables	-	-	-	150,162
Utility Receivable	53,451	30,718	84,169	84,344
Accounts Receivable	63	-	63	697
Total Current Assets	4,738,930	2,082,727	6,821,657	7,768,840
Noncurrent Assets				
Capital Assets not being depreciated	16,478,178	-	16,478,178	15,779,705
Capital Assets being depreciated	3,546,684	5,644,540	9,191,224	7,841,618
Accumulated Depreciation	(553,882)	(1,606,513)	(2,160,395)	(1,974,330)
Total Noncurrent Assets	19,470,980	4,038,027	23,509,007	21,646,993
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 24,209,910	$ 6,120,754	$ 30,330,664	$ 29,415,833
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	$ 18,195	$ 2,686	$ 20,881	$ 210,038
Noncurrent Liabilities				
Due in more than one year	5,413	5,413	10,826	9,110
TOTAL LIABILITIES	23,608	8,099	31,707	219,148
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
NET POSITION				
Net Investment in Capital Assets	19,470,980	4,038,027	23,509,007	21,646,993
Restricted Net Position	3,791,728	1,186,685	4,978,413	5,474,292
Unrestricted Net Position	923,594	887,943	1,811,537	2,075,400
TOTAL NET POSITION	24,186,302	6,112,655	30,298,957	29,196,685
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 24,209,910	$ 6,120,754	$ 30,330,664	$ 29,415,833

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

TOWN OF SEVERANCE, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	Business-type Activities		Total	
	Water Fund	Sewer Fund	2016	2015
Operating Revenues				
Utility Charges	$ 643,028	$ 344,897	$ 987,925	$ 930,864
Other Charges for Services	41,880	-	41,880	31,253
Total Revenues	684,908	344,897	1,029,805	962,117
Operating Expenses				
Personnel Services	146,227	146,243	292,470	275,702
Administrative/Office Expenses	9,935	7,905	17,840	18,787
Insurance	5,090	5,090	10,180	9,060
Operating Supplies	18,246	40,591	58,837	60,926
Professional Fees	1,063	9,068	10,131	10,535
Repairs and Maintenance	17,914	24,854	42,768	53,258
Travel and Training	1,435	1,457	2,892	3,248
Treatment	421,577	7,682	429,259	392,101
Telephone and Utilities	2,681	43,641	46,322	39,859
Other Operating Expenses	4,384	975	5,359	4,613
Depreciation Expense	57,615	128,450	186,065	178,710
Other Capital Outlay	9,340	21,396	30,736	7,056
Total Expenditures	695,507	437,352	1,132,859	1,053,855
Operating Income (Loss)	(10,599)	(92,455)	(103,054)	(91,738)
Other Income (Expense)				
Investment Earnings	6,098	562	6,660	33,540
Other Revenue	366	-	366	594
Total Other Income (Expense)	6,464	562	7,026	34,134
Net Income (Loss) before Transfers	(4,135)	(91,893)	(96,028)	(57,604)
Contributed Capital				
Plant Investment Fees	110,550	401,454	512,004	460,300
Intergovernmental Revenue	432,129	-	432,129	150,162
Cash in Lieu of Fees	254,167	-	254,167	187,500
Total Contributed Capital	796,846	401,454	1,198,300	797,962
Change in Net Position	792,711	309,561	1,102,272	740,358
Net Position, Beginning	23,393,591	5,803,094	29,196,685	28,456,327
Net Position, Ending	$ 24,186,302	$ 6,112,655	$ 30,298,957	$ 29,196,685

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

TOWN OF SEVERANCE

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	Business-type Activities		Total	
	Water Fund	Sewer Fund	2016	2015
Cash Flows From Operating Activities:				
Cash Received from Customers	$ 685,128	$ 345,486	$ 1,030,614	$ 946,258
Cash Paid to Suppliers	(829,733)	(243,047)	(1,072,780)	(606,600)
Cash Paid to Employees	857	(62,312)	(61,455)	(59,640)
Net Cash Provided by Operating Activities	(143,748)	40,127	(103,621)	280,018
Cash Flows From Capital and Related Financing Activities:				
Tap Fees Received	364,717	401,454	766,171	647,800
Grant Proceeds	582,291	-	582,291	-
Proceeds of Capital Asset Sales	-	-	-	(1,950)
Acquisition of Capital Assets	(2,029,377)	(18,702)	(2,048,079)	(1,000,631)
Cash Flows Used by Capital and Related Financing Activities	(1,082,369)	382,752	(699,617)	(354,781)
Cash Flows (Uses) From Noncapital Financing Activities:				
Other Revenues (Expense)	366	-	366	595
Cash Flows (Uses) From Investing Activities:				
Interest Received	6,098	562	6,660	33,540
Net Increase (Decrease) in Cash	(1,219,653)	423,441	(796,212)	(40,628)
Cash - Beginning	5,905,069	1,628,568	7,533,637	7,574,265
Cash - Ending	$ 4,685,416	$ 2,052,009	$ 6,737,425	$ 7,533,637
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	$ (10,599)	$ (92,455)	$ (103,054)	$ (91,738)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	57,615	128,450	186,065	178,710
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Utility Receivable	(221)	396	175	(15,571)
Accounts Receivable	441	193	634	(288)
(Increase) Decrease in:				
Accounts Payable	(191,841)	2,686	(189,155)	206,075
Accrued Compensated Absences	857	857	1,714	2,830
Total Adjustments	(133,149)	132,582	(567)	371,756
Net Cash Used for Operating Activities	$ (143,748)	$ 40,127	$ (103,621)	$ 280,018

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

HISTORY AND FUNCTION OF ORGANIZATION

The Town of Severance, Colorado is a political subdivision of the State of Colorado governed by a seven member board of trustees. The Town is a full service entity providing public safety, public works, and parks services as well as providing water and sewer services.

REPORTING ENTITY

In accordance with Governmental Accounting Standards, the Town has considered the possibility of inclusion of additional entities in its basic financial statements. The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based upon the application of these criteria, no additional organizations were included within the Town's reporting entity.

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. 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 activities demonstrates the degree to which the direct expenses of the 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 properly included among program revenues are reported instead as general revenues.

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on general long-term debt which is recognized when due and (2) compensated absences which are recognized when the obligations are expected to be liquidated with expendable available resources.

Those revenues susceptible to accrual are sales taxes, property taxes, franchise taxes, and grants. Other revenues are not susceptible to accrual as they generally are not measurable until received in cash.

FUND ACCOUNTING

The accompanying financial statements include the Town's governmental fund types and proprietary fund types. The Town's accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities (except those related to the operation of the water and sewer systems) are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than on a computation of net income. The following are the Town's governmental fund types:

General Fund

Revenues are recognized when they become measurable and available as net current assets. Certain service fees and non-tax revenues are recognized when received or billed. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal sources of revenues are property and sales taxes. Principal expenditures are for police protection, public works, parks and recreations and Town administration.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Continued)

Governmental Fund Types (Continued)

Special Revenue Funds
These funds account for revenues derived from specific taxes or other designated revenues that are legally restricted to expenditures for specific purposes. The Town's special revenue funds are considered non-major and are as follows:

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

Parks Impact Fund
The Parks Impact Fund accounts for improvements to the Town's park system funded through impact fee assessments.

Conservation Trust Fund
This fund accounts for funds received through the State of Colorado Lottery/ Conservation Trust Fund program. These funds are required to be spent on parks and recreation.

Proprietary Fund Types
Proprietary funds are used to account for the Town's ongoing activities that are similar to a private business enterprise. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The measurement focus of proprietary funds is on the determination of net income. The Town's proprietary fund type is as follows:

Enterprise Funds
This fund accounts for the operation of Town facilities that are predominately self supporting through user charges. The funds are as follows:

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETS AND BUDGETARY ACCOUNTING
Budgets were adopted for all funds. Budgets are prepared on the same basis of accounting as that used for accounting purposes. In the budget versus actual statements, the actual results of operations are presented on the budgetary basis of accounting for proper comparison to the budget.

Budgets are adopted based on the requirements of state statutes. The following timetable is used:

1) Submission of the proposed budget to the Board of Trustees by October 15 of each year.
2) Certification of mill levies to the County Commissioners by December 15 of each year.
3) Final adoption of the budget and appropriations by December 15 of each year.

The Town does not use encumbrance accounting and all appropriations lapse at year end.

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

Cash and Equivalents
For the purposes of cash flow presentation, the Town considers all fully cash and fully liquid investment balances as cash and cash equivalents.

Property Taxes
Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the Town on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue is recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

Accounts Receivable
Based upon a review of the existing accounts receivable and the fact that any uncollectible water and sewer receivables can be certified to the County Treasurer as such and attached to the tax rolls, no allowance for doubtful accounts is provided.

Capital Assets
The Town's policy is to capitalize tangible assets with a unit value in excess of $5,000 and an estimated useful life of greater than one year.

Governmental Activities
Expenditures for capital assets are recorded as expenditures in the appropriate governmental fund. They are also reported in the governmental activities column of the government-wide financial statements. These assets are reported at cost, or at fair market value in the case of donated assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (Continued)

Capital Assets (Continued)

Depreciation has been provided in the government-wide financial statements and has been computed over a period of 5 to 50 years using the straight line method. Depreciation is not provided in the fund financial statements.

Business Type Activities
Property, plant and equipment held in the proprietary funds are recorded at cost and estimated cost. Depreciation is computed over a period of 5 to 50 years using the straight line method.

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

Deferred Inflows of Financial Resources
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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

Net Position/Fund Balances
In the government-wide financial statements and for the proprietary fund statements, net position are either shown as invested in capital assets net of related debt, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. The Town does not currently have any nonspendable fund balances.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (Continued)

Net Position/Fund Balances (Continued)
Fund balance is reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by the most formal action, adoption of an ordinance, of the government's highest level of decision-making authority, the Board of Trustees, are reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The Town does not currently have any assigned fund balances.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

NET POSITION/FUND BALANCE FLOW ASSUMPTIONS
Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

NOTE 2: CASH AND INVESTMENTS

The Town's cash and investment balances are allocated as follows as of December 31, 2016:

Type	Carrying Value
Deposits	
Demand deposits	$ 4,873,546
Time deposits	3,014,130
Cash on hand	267
Total Deposits	7,887,942
Investments	
Local Govt Pools	1,031
Investments Held in Safekeeping	4,872,432
Total Cash and Investments	**$ 12,761,405**

This balance is presented in the financial statements as shown below:

Governmental Activities	$ 6,023,980
Business-type Activities	6,737,425
Total Cash and Investments	**$ 12,761,405**

Deposits

Custodial Credit Risk - Deposits
In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Town's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

At December 31, 2016, all of the Town's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	Bank Balance	Carrying Balance
FDIC Insured	$ 500,000	$ 500,000
PDPA Collateralized (Not in the Town's Name)	7,387,676	7,387,676
Petty Cash	-	267
Total Cash Deposits	**$ 7,887,676**	**$ 7,887,942**

Investments

Credit Risk - Investments
Colorado statutes specify which instruments units of local government may invest, which include:

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

The Town's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

The Town's investments as of December 31, 2016, were as follows:

Description	Fair Value	Weighted Maturity In Years	% of Invest.	Moody's Rating	S&P Rating
Federal Home Loan Bank	$ 588,120	0.44	13.95%	AAA	AA+
Federal Home Loan Mortgage Corp	733,926	0.71	17.40%	AAA	AA+
Federal National Mortgage Assn	1,015,997	0.08	24.09%	AAA	AA+
Federal Farm Credit Banks	45,436	1.20	1.08%	AAA	AA+
Florida Department of Transportation	300,885	1.50	7.14%	AA2	AA+
Municipal Securities	1,457,511	1.71	34.56%	AA3 - AAA	AA- - AAA
All Other Commercial Paper	40,008	0.71	0.95%	A1 - AAA	AA- - AAA
Local Government Pools	1,031	-	0.02%	N/A	AAAm
Mutual Funds	34,019	-	0.81%	N/A	N/A
Total	$ 4,216,933	0.92	100.00%		

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2016 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	Level 1	Level 2	Level 3	Total
Treasury Securities	$ -	$ 2,383,479	$ -	$ 2,383,479
Municipal Securities	-	1,758,396	-	1,758,396
Commercial Paper	40,008	-	-	40,008
Local Gov't - Colotrust	-	1,031	-	1,031
Mutual Funds	34,019	-	-	34,019
Total Investments	$ 74,027	$ 4,142,906	$ -	$ 4,216,933

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- Investment Pools - Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.

The Town recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2016, there were no changes in the methods or assumptions utilized to derive the fair value of the Town's assets and liabilities.

During the year ended December 31, 2016, the Town invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The pool invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a 2a-7-like money market fund with a share value equal to $1.00 and a maximum weighted average maturity of 60 days. The pool is rated AAAm by the Standard and Poor's Corporation. The balance of this investment as of December 31, 2016 was $1,031.

Concentration of Credit Risk - Investments
The Town places no limit on the amount that may be invested in any one issuer. As of December 31, 2013, the Town held investments in Private Export Funding Corporation commercial paper, General Electric Capital Corporation commercial paper, and Florida State Department of Transportation municipal bonds representing 6%, 5%, and 7% of the total investment portfolio. No other individual commercial paper or municipal bond securities represented more than 5% of the total holdings.

NOTE 2: <u>CASH AND INVESTMENTS</u> (Continued)

Investments (Continued)

<u>Interest Rate Risk - Investments</u>
Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes. The anticipated maturity of any investment is not expected to exceed five years regardless of stated maturity.

<u>Custodial Credit Risk – Investments</u>
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. As of December 31, 2016, the Town's securitized investments were held in safekeeping by Morgan Stanley Smith Barney.

NOTE 3: <u>CAPITAL ASSETS</u>

A summary of the Town's governmental activity capital assets is as follows:

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land and improvements	$ 291,215	$ 200,129	$ -	$ 491,344
Construction in Progress	565,963	-	565,963	-
Total capital assets not being depreciated	857,178	200,129	565,963	491,344
Capital assets being depreciated:				
Infrastructure	5,250,721	2,210,293	-	7,461,014
Buildings	1,367,228	-	-	1,367,228
Vehicles	316,946	-	-	316,946
Equipment	379,704	20,229	-	399,933
Total capital assets being depreciated	7,314,600	2,230,522	-	9,545,122
Less accumulated depreciation:				
Infrastructure	1,860,639	225,320	-	2,085,959
Buildings	171,153	44,241	-	215,394
Vehicles	133,603	26,617	-	160,220
Equipment	278,436	18,845	-	297,281
Total accumulated depreciation	2,443,831	315,023	-	2,758,854
Total capital assets, net	**$ 5,727,947**	**$ 2,115,628**	**$ 565,963**	**$ 7,277,611**

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

Public Works depreciation	$ 225,320
Unallocated depreciation	89,703
Total depreciation	$ 315,023

NOTE 3: CAPITAL ASSETS (Continued)

The following is a summary of the Town's business-type activity capital asset balances:

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Water rights	$ 12,312,000	$ 1,198,500	$ -	$ 13,510,500
Northern Integrated Supply Proj. in progress	535,078	113,750	-	648,828
North Weld County Water Dist. Capacity	2,318,850	-	-	2,318,850
Construction in progress - Water Tank	542,778	-	542,778	-
Total capital assets not being depreciated	15,708,706	1,312,250	542,778	16,478,178
Capital assets being depreciated:				
Water System	1,970,522	1,330,905	-	3,301,427
Sewer System	5,492,550	18,702	-	5,511,252
Buildings	223,240	-	-	223,240
Equipment	155,305	-	-	155,305
Total capital assets being depreciated	7,841,617	1,349,607	-	9,191,224
Less accumulated depreciation:				
Water System	428,428	43,437	-	471,865
Sewer System	1,427,110	120,465	-	1,547,575
Buildings	46,197	7,441	-	53,638
Equipment	72,595	14,721	-	87,316
Total accumulated depreciation	1,974,330	186,064	-	2,160,394
Total Capital Assets, net	**$ 21,575,993**	**$ 2,475,793**	**$ 542,778**	**$ 23,509,008**

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

Depreciation - Water	$ 57,615
Depreciation - Sewer	128,450
Total Depreciation	$ 186,065

NOTE 4: NONCURRENT LIABILITIES

The following is a schedule of long-term liabilities and changes in liabilities for the year, by activity type.

	Balance January 1 2016	Advances	Payments	Balance December 31 2016	Current Portion	Interest Expense
Governmental activities						
Compensated absences	$ 16,100	$ -	$ 2,769	$ 13,331	$ -	$ -
Business-type activities						
Compensated absences	$ 9,110	$ 1,716	$ -	$ 10,826	$ -	$ -

NOTE 5: 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, 2016.

NOTE 6: RESTRICTED FUND BALANCE / NET POSITION

Tax Spending and Debt Limitations

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado, all local governments, and special districts. The Town's financial activity for the year ended December 31, 2016 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth.

NOTE 6: RESTRICTED FUND BALANCE / NET POSITION (Continued)

Tax Spending and Debt Limitations (Continued)

Subsequent to December 31, 1992, 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 the revenues from all sources during 1998, as well as the full amount of all revenues generated by all sources for each subsequent year. This election authorized the spending of such revenues in each year without limitation under Article X, Section 20 of the Colorado Constitution. TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. The Town's management believes it is in compliance with the TABOR amendment.

The Article requires an emergency reserve be set aside for 2016 in the amount of 3 percent or more of its fiscal year spending. At December 31, 2016, the Town has reserved the following for emergencies:

General Fund	$ 84,000

Other Restrictions

The Town has restricted net position at December 31, 2016 in the Water and Sewer Funds for future purchases of system capacity and other improvements totaling $3,791,728 and $1,186,685, respectively. The Town has also restricted net position/fund balances related to collected, but unspent, impact fees that will be used to fund future projects.

Fund Equity Assignments

The Town has assigned the following amounts for future expenditures through the adoption of the 2017 budget:

General Fund	$1,086,630
Water Fund	2,780,780
Sewer Fund	208,730

NOTE 7: RISK MANAGEMENT

The Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability and property coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons and property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

CIRSA is a separate legal entity and the Town does not approve budgets nor does it have ability to significantly affect the operations of the unit.

The Town has not materially changed its coverage from previous years. Based on the lack of previous loss occurrences, the Town has not recorded any liability for unpaid claims at December 31, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SEVERANCE, COLORADO

BUDGETARY COMPARISON SCHEDULE
General Fund
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016			2015
	Final Budget	Actual	Variance With Final Budget	Actual
REVENUES				
Taxes				
Property Taxes	$ 655,229	$ 655,939	$ 710	$ 621,238
Specific Ownership Taxes	25,000	41,462	16,462	41,457
Sales Taxes	460,000	624,747	164,747	709,591
Franchise Taxes	85,000	92,258	7,258	90,879
Total Tax Revenue	1,225,229	1,414,406	189,177	1,463,165
Intergovernmental Revenues				
Cigarette Taxes	950	1,216	266	1,088
Highway Users	119,775	126,824	7,049	126,369
Road and Bridge	25,000	37,438	12,438	45,222
Clerk/Motor Vehicle Fees	13,000	18,938	5,938	15,007
Mineral Lease	25,000	33,009	8,009	28,289
Severance Tax	75,000	39,417	(35,583)	99,808
State Grants	-	11	11	27,913
Total Intergovernmental Revenue	253,725	256,853	3,128	343,696
Licenses and Permits				
Liquor Licenses	300	361	61	1,270
Building Permits	182,000	226,113	44,113	255,125
Animal Licenses	3,000	4,053	1,053	4,065
Business Licenses	2,000	3,726	1,726	2,092
Other Licenses	77,600	105,421	27,821	111,643
Total Licenses and Permits	264,900	339,674	74,774	374,195
Fines and Forfeits	12,750	6,792	(5,958)	10,928
Charges for Services				
Recreation/Comm Ctr Charges	9,000	10,590	1,590	12,779
Rents	50,000	34,096	(15,904)	32,048
Other Charges for Services	36,900	45,082	8,182	37,574
Total Charges for Services	95,900	89,768	(6,132)	82,401
Investment Earnings	21,712	40,330	18,618	7,520
Other Revenues				
Reimbursements and Refunds	1,500	(17,360)	(18,860)	2,564
Donations	750	797	47	750
Insurance Proceeds/Recoveries	-	-	-	9,275
Other Miscellaneous Revenue	10,125	40,008	29,883	8,086
Total Other Revenue	12,375	23,445	11,070	20,675
TOTAL REVENUES	1,886,591	2,171,268	284,677	2,302,580

See accompanying Independent Auditors' Report.

(Continued)

TOWN OF SEVERANCE, COLORADO

BUDGETARY COMPARISON SCHEDULE
General Fund
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016			
	Final Budget	Actual	Variance With Final Budget	2015 Actual
(Continued)				
EXPENDITURES				
General Government				
Personnel Services	155,791	159,118	3,327	140,668
Insurance	11,519	12,328	(809)	11,482
Professional Fees	83,018	39,664	43,354	39,387
Repairs and Maintenance	16,300	16,604	(304)	13,472
Supplies	3,400	1,975	1,425	2,065
Telephone and Utilities	7,000	4,397	2,603	4,153
Travel and Training	4,900	3,811	1,089	4,480
Other Expenses	40,494	24,067	16,427	14,529
Total General Government	322,422	261,964	67,112	230,236
Public Safety				
Personnel Services	335,330	297,345	37,985	161,111
Contract Labor	300	-	300	-
Fuel and Automotive	3,500	-	3,500	1,324
Insurance	3,200	3,148	52	3,024
Professional Fees	8,200	2,352	5,848	3,050
Repairs and Maintenance	2,500	786	1,714	831
Supplies	1,450	20	1,430	275
Telephone and Utilities	800	351	449	320
Travel and Training	1,950	518	1,432	368
Other Expenses	32,485	17,666	14,819	16,780
Total Public Safety	389,715	322,186	67,529	187,083
Public Works				
Personnel Services	242,399	227,856	14,543	208,390
Fuel and Automotive	6,000	4,689	1,311	4,704
Insurance	6,709	7,447	(738)	6,496
Professional Fees	257,500	208,616	48,884	215,066
Repairs and Mainenance	184,500	118,640	65,860	63,941
Supplies	20,550	11,467	9,083	3,012
Telephone and Utilities	11,000	6,598	4,402	6,475
Travel and Training	7,025	3,032	3,993	2,015
Other Expenses	160,544	132,133	28,411	134,472
Total Public Works/Comm Devel	896,227	720,478	175,749	644,571
Parks, Recreation and Other				
Personnel Services	112,064	83,745	(28,319)	86,356
Fuel and Automotive	6,000	4,689	(1,311)	4,704
Insurance	2,990	3,322	332	3,057
Professional Fees	3,000	-	(3,000)	-
Repairs and Maintenance	29,000	18,432	10,568	20,398
Supplies	7,600	4,563	3,037	3,931
Telephone and Utilities	19,000	14,091	4,909	15,993
Travel and Training	200	318	(118)	25
Other Expenses	5,475	282	5,193	670
Total Parks, Recreation & Other	185,329	129,442	(8,709)	135,134

See accompanying Independent Auditors' Report.

(Continued)

TOWN OF SEVERANCE, COLORADO

BUDGETARY COMPARISON SCHEDULE
General Fund
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016			2015
	Final Budget	Actual	Variance With Final Budget	Actual
(Continued)				
Capital Outlay				
General Government Capital Outlay	310,500	250,958	59,542	28,864
Public Safety Capital Outlay	1,000	-	1,000	205
Public Works Capital Outlay	171,500	2,742	168,758	67,724
Parks, Recreation and Other Capital Outlay	21,000	12,330	8,670	25,431
Total Capital Outlay	504,000	266,030	237,970	122,224
Contingency Reserve				
TOTAL EXPENDITURES	2,297,693	1,700,100	539,651	1,319,248
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(411,102)	471,168	824,328	983,332
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(550,000)	(500,000)	(50,000)	(600,000)
NET CHANGE IN FUND BALANCE - BUDGET BASIS	$ (961,102)	(28,832)	$ 774,328	383,332
FUND BALANCE, BEGINNING		5,061,305		4,677,973
FUND BALANCE, ENDING		$ 5,032,473		$ 5,061,305

See accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF SEVERANCE, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016
With Comparative Totals for December 31, 2015

	SPECIAL REVENUE FUNDS			
	Conservation Trust Fund	Park Impact Fund	Total 2016	Total 2015
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash	$ 235,528	$ 513,744	$ 749,272	$ 608,175
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	$ 8,730	$ -	$ 8,730	$ -
FUND BALANCE				
Restricted Fund Balance	226,798	513,744	740,542	608,175
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	$ 235,528	$ 513,744	$ 749,272	$ 608,175

See accompanying Independent Auditors' Report.

TOWN OF SEVERANCE, COLORADO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	SPECIAL REVENUE FUNDS			
	Conservation Trust Fund	Park Impact Fund	Total 2016	Total 2015
REVENUES				
Taxes	$ -	$ 114,500	$ 114,500	$ 78,500
Intergovernmental Revenues	39,268	14,990	54,258	32,637
Investment Earnings	218	80	298	2,672
Other Revenues	-	15,500	15,500	-
TOTAL REVENUES	39,486	145,070	184,556	113,809
EXPENDITURES				
Current:				
Parks, Recreation and Other	28,409	10,321	38,730	-
Capital Outlay	1,398	12,061	13,459	162,910
TOTAL EXPENDITURES	29,807	22,382	52,189	162,910
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	9,679	122,688	132,367	(49,101)
FUND BALANCE, BEGINNING	217,119	391,056	608,175	657,276
FUND BALANCE, ENDING	$ 226,798	$ 513,744	$ 740,542	$ 608,175

See accompanying Independent Auditors' Report.

TOWN OF SEVERANCE, COLORADO

BUDGETARY COMPARISON SCHEDULE
Street Impact Fund
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016			2015
	Final Budget	Actual	Variance With Final Budget	Actual
REVENUES				
Other Taxes	$ 100,000	$ 79,800	$ (20,200)	$ 130,517
Intergovernmental Revenues				
State Grants	300,000	586,412	286,412	113,589
Investment Earnings	1,355	1,934	579	1,355
TOTAL REVENUES	401,355	668,146	266,791	245,461
EXPENDITURES				
Public Works				
Public Works Capital Outlay	1,125,000	1,571,790	(446,790)	469,134
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(723,645)	(903,644)	(179,999)	(223,673)
OTHER FINANCING SOURCES (USES)				
Transfers In	500,000	500,000	-	600,000
NET CHANGE IN FUND BALANCE - BUDGET BASIS	$ (223,645)	(403,644)	$ (179,999)	376,327
FUND BALANCE, BEGINNING		650,446		274,119
FUND BALANCE, ENDING		$ 246,802		$ 650,446

See accompanying Independent Auditors' Report.

TOWN OF SEVERANCE, COLORADO

BUDGETARY COMPARISON SCHEDULE
Park Impact Fund
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016			2015
	Final Budget	Actual	Variance With Final Budget	Actual
REVENUES				
Taxes				
Other Taxes	$ 114,500	$ 114,500	$ -	$ 78,500
Intergovernmental Revenues				
State Grants	14,990	14,990	-	-
Investment Earnings	2,500	80	(2,420)	1,832
Other Revenues				
Other Miscellaneous Revenue	-	15,500	15,500	-
TOTAL REVENUES	131,990	145,070	13,080	80,332
EXPENDITURES				
Contract labor	30,000	10,321	(19,679)	-
Capital Outlay				
Parks, Recreation and Other Capital Outlay	20,000	12,061	(7,939)	162,910
TOTAL EXPENDITURES	50,000	22,382	(27,618)	162,910
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	$ 81,990	122,688	$ 40,698	(82,578)
FUND BALANCE, BEGINNING		391,056		473,634
FUND BALANCE, ENDING		$ 513,744		$ 391,056

See accompanying Independent Auditors' Report.

TOWN OF SEVERANCE, COLORADO

BUDGETARY COMPARISON SCHEDULE
Conservation Trust Fund
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016			2015
	Final Budget	Actual	Variance With Final Budget	Actual
REVENUES				
Intergovernmental Revenues				
Cons Trust Fund Revenue	$ 32,000	$ 39,268	$ 7,268	$ 32,637
Investment Earnings	1,000	218	(782)	840
TOTAL REVENUES	33,000	39,486	6,486	33,477
EXPENDITURES				
Parks, Recreation and Other				
Professional Fees	15,000	28,409	13,409	-
Capital Outlay				
Parks, Recreation and Other Capital Outlay	10,000	1,398	(8,602)	-
TOTAL EXPENDITURES	25,000	29,807	4,807	-
NET CHANGE IN FUND BALANCE - BUDGET BASIS	$ 8,000	9,679	$ 1,679	33,477
FUND BALANCE, BEGINNING		217,119		183,642
FUND BALANCE, ENDING		$ 226,798		$ 217,119

See accompanying Independent Auditors' Report.

TOWN OF SEVERANCE, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
Water Fund
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016			
	Final Budget	Actual	Variance with Final Budget	2015 Actual
Operating Revenues				
Utility Charges	$ 650,000	$ 643,028	$ (6,972)	$ 590,982
Other Charges for Services	27,500	41,880	14,380	31,253
Total Revenues	677,500	684,908	7,408	622,235
Operating Expenses				
Personnel Services	154,898	146,227	8,671	138,102
Administrative/Office Expenses	13,300	9,935	3,365	9,965
Insurance	5,214	5,090	124	4,530
Operating Supplies	40,400	18,246	22,154	21,588
Professional Fees	4,350	1,063	3,287	900
Repairs and Maintenance	33,880	17,914	15,966	16,145
Travel and Training	2,900	1,435	1,465	1,765
Treatment	492,400	421,577	70,823	388,763
Telephone and Utilities	3,950	2,681	1,269	2,730
Other Operating Expenses	13,650	4,384	9,266	2,783
Other Capital Outlay	2,051,300	2,038,717	12,583	992,407
Total Expenditures	2,816,242	2,667,269	148,973	1,579,678
Operating Income (Loss)	(2,138,742)	(1,982,361)	156,381	(957,443)
Other Income (Expense)				
Investment Earnings	30,000	6,098	(23,902)	27,576
Other Revenue	-	366	366	403
Total Other Income (Expense)	30,000	6,464	(23,536)	27,979
Net Income (Loss) before Transfers	(2,108,742)	(1,975,897)	132,845	(929,464)
Contributed Capital				
Plant Investment Fees	203,000	110,550	(92,450)	159,800
Intergovernmental Revenue	300,000	432,129	132,129	150,162
Cash in Lieu of Fees	540,000	254,167	(285,833)	187,500
Total Contributed Capital	1,043,000	796,846	(246,154)	497,462
Change in Net Position (Budget Basis)	$ (1,065,742)	(1,179,051)	$ (113,309)	(432,002)
Budget to GAAP Reconciliation				
Depreciation Expense		(57,615)		(52,689)
Capital Outlay		2,029,377		988,879
Change in Net Position - GAAP Basis		792,711		504,188
Net Position, Beginning		23,393,591		22,889,403
Net Position, Ending		$ 24,186,302		$ 23,393,591

See accompanying Independent Auditors' Report.

TOWN OF SEVERANCE, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
Sewer Fund
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	2016			
	Final Budget	Actual	Variance with Final Budget	2015 Actual
Operating Revenues				
Utility Charges	$ 330,000	$ 344,897	$ 14,897	$ 339,882
Operating Expenses				
Personnel Services	155,598	146,243	9,355	137,600
Administrative/Office Expenses	12,150	7,905	4,245	8,822
Insurance	5,214	5,090	124	4,530
Operating Supplies	52,300	40,591	11,709	39,338
Professional Fees	30,250	9,068	21,182	9,635
Repairs and Maintenance	241,080	24,854	216,226	37,113
Travel and Training	3,200	1,457	1,743	1,483
Treatment	14,500	7,682	6,818	3,338
Telephone and Utilities	48,950	43,641	5,309	37,129
Other Operating Expenses	4,200	975	3,225	1,830
Other Capital Outlay	109,800	40,098	69,702	15,280
Total Expenditures	677,242	327,604	349,638	296,098
Operating Income (Loss)	(347,242)	17,293	364,535	43,784
Other Income (Expense)				
Investment Earnings	7,500	562	(6,938)	5,964
Other Revenue	200	-	(200)	191
Total Other Income (Expense)	7,700	562	(7,138)	6,155
Net Income (Loss), Budget Basis	(339,542)	17,855	357,397	49,939
Contributed Capital				
Plant Investment Fees	315,000	401,454	86,454	300,500
Change in Net Position (Budget Basis)	$ (24,542)	419,309	$ 443,851	350,439
Budget to GAAP Reconciliation				
Depreciation Expense		(128,450)		(126,021)
Capital Outlay		18,702		11,752
Change in Net Position - GAAP Basis		309,561		236,170
Net Position, Beginning		5,803,094		5,566,924
Net Position, Ending		$ 6,112,655		$ 5,803,094

See accompanying Independent Auditors' Report.

STATE COMPLIANCE

Financial Planning 02/01
The public report burden for this information collection is estimated to average 380 hours annually. Form # 350-050-36

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Severance
	YEAR ENDING : December 2016
This Information From The Records Of (example - City of _ or County of	Prepared By: Erin Mitchell Phone: 970-686-1218

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	455,148
3. Other local imposts (from page 2)	121,661
4. Miscellaneous local receipts (from page 2)	8,564
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	585,373
B. Private Contributions	
C. Receipts from State government (from page 2)	145,762
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	731,135

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	133,031
2. Maintenance:	201,849
3. Road and street services:	
a. Traffic control operations	5,218
b. Snow and ice removal	16,802
c. Other	53,164
d. Total (a. through c.)	75,184
4. General administration & miscellaneous	84,875
5. Highway law enforcement and safety	236,196
6. Total (1 through 5)	731,135
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	731,135

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
	731,135	731,135		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado YEAR ENDING (mm/yy): December 2016

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	1,935
b. Other local imposts:		b. Traffic Fines & Penalities	6,629
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	80,200	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	41,461	g. Other Misc. Receipts	
6. Total (1. through 5.)	121,661	h. Other	
c. Total (a. + b.)	121,661	i. Total (a. through h.)	8,564
	(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	126,824	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	18,938	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.)	18,938	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	145,762	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation	133,031		133,031
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	133,031	0	133,031
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	133,031	0	133,031
			(Carry forward to page 1)

Notes and Comments:

FORM FHWA-536 (Rev.1-05) PREVIOUS EDITIONS OBSOLETE