Town of Severance

FINANCIAL STATEMENTS

with Independent Auditor's Report

December 31, 2020

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(continued)

FISCAL FOCUS PARTNERS LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Severance, Colorado (the Town), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Severance, as of December 31, 2020, 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.

Fiscal Focus Partners, LLC

5555 DTC Parkway, Suite 375, Greenwood Village, CO 80111
303.202.1800 Office www.ffpcpa.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages M1 through M7, the budgetary comparison information on pages 30 through 33, and the pension schedules on pages 34 and 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information on pages 36 through 43 and the local highway finance report on pages 44 and 45 (together, the information) are presented for purposes of additional analysis and legal compliance and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
September 27, 2021

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, 2020. 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 $14,584,103 and business-type net position increased by $13,638,187 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 2020 by $127,118,066 (net position). Of this amount, $18,293,908 (unrestricted net position) may be used to meet the Town's ongoing obligations or unforeseen expenses. $30,383,161 is restricted for future capital projects.

At the end of 2020 unrestricted net position for the proprietary funds (business-type activities) was $3,518,858.

As of the close of fiscal year 2020, the Town's General Fund reported an ending fund balance of $17,892,473 compared to the fiscal year 2019 balance of $13,117,984.

General Fund 2020 revenues increased by $2,258,489 to $11,132,844. General Fund expenditures and transfers to other funds increased in 2020 by $944,435 to $6,358,355. This increase in expenditures was primarily due to increased cost of infrastructure maintenance and services provided to the community.

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 four governmental funds including the General Fund, Conservation Trust Fund, Street Impact Fund and Park Impact Fund.

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

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

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

Financial Analysis of the Town as a Whole

The Town's total net positions (total assets plus deferred outflows of resources minus total liabilities plus deferred inflows of resources) were $127,118,066 as of December 31, 2020, and $98,895,776 as of December 31, 2019. This represents an increase of $28,222,290.

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 and sewer services.

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

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
ASSETS						
Current Assets	$23,701,082	$20,060,559	$27,419,215	$21,031,714	$51,120,297	$41,092,273
Capital Assets (Net)	24,287,162	14,214,731	53,855,188	46,756,024	78,142,350	60,970,755
Net Pension asset	25,861	-	-	-	25,861	-
Total Assets	48,014,105	34,275,290	81,274,403	67,787,738	129,288,508	102,063,028
DEFERRED OUTFLOWS OF RESOURCES	167,823	119,754	-	-	167,823	119,754
LIABILITIES						
Current Liabilities	498,584	1,200,439	239,847	390,805	738,431	1,591,244
Noncurrent Liabilities	121,714	162,952	42,308	42,872	164,022	205,824
Total Liabilities	620,298	1,363,391	282,155	433,677	902,453	1,797,068
DEFERRED INFLOWS OF RESOURCES	1,435,812	1,489,938	-	-	1,435,812	1,489,938
NET POSITION						
Net Investment in Capital Assets	24,244,212	14,131,897	53,842,924	46,732,596	78,087,136	60,864,493
Restricted	7,106,556	6,077,595	23,630,466	17,469,862	30,737,022	23,547,457
Unrestricted	14,775,050	11,332,223	3,518,858	3,151,603	18,293,908	14,483,826
Total Net Position	**$46,125,818**	**$31,541,715**	**$80,992,248**	**$67,354,061**	**$127,118,066**	**$98,895,776**

The statement of net position reflects a cash and investments position totaling $48,586,179 or 38% of total assets. The bulk of the Town's resources, $78,142,350 or 60% of total assets, are invested in capital assets. These assets consist of land and improvements, buildings, equipment, infrastructure and utility system assets.

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

Changes in Net Position

Governmental activities increased the Town of Severance's net position by $14,584,103 Business activities increased the Town's net position by $13,638,187. A summary of the changes in net position is as follows:

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
PROGRAM REVENUES						
Charges for Services	$2,932,332	$2,333,950	$2,383,998	$1,933,142	$5,316,330	$4,267,092
Operating Grants & Contributions	632,363	1,035,826	-	-	632,363	1,035,826
Capital Grants & Contributions	10,576,343	6,200,742	13,554,152	16,283,282	24,130,495	22,484,024
Total Program Revenues	14,141,038	9,570,518	15,938,150	18,216,424	30,079,188	27,786,942
GENERAL REVENUES						
Property Taxes	1,415,918	909,932	-	-	1,415,918	909,932
Sales & Use Taxes	4,546,568	3,255,574	-	-	4,546,568	3,255,574
Other Taxes	68,458	61,222	-	-	68,458	61,222
Interest Earnings	190,542	366,925	232,323	472,868	422,865	839,793
Other Revenues	40,342	27,496	5,990	-	46,332	27,496
Total General Revenues	6,261,828	4,621,149	238,313	472,868	6,500,141	5,094,017
Total Revenues	20,402,866	14,191,667	16,176,463	18,689,292	36,579,329	32,880,959
PROGRAM EXPENSES						
General Government	1,005,872	863,671	-	-	1,005,872	863,671
Community Development	1,732,040	1,121,604	-	-	1,732,040	1,121,604
Public Safety	1,149,710	865,616	-	-	1,149,710	865,616
Public Works	1,761,623	823,782	-	-	1,761,623	823,782
Parks and Recreation	166,539	141,282	-	-	166,539	141,282
Interest Expense	2,979	23,453	-	-	2,979	23,453
Water	-	-	1,598,383	1,240,292	1,598,383	1,240,292
Sewer	-	-	939,893	793,342	939,893	793,342
Acceptance of Assets		60,340		-	-	60,340
Total Program Expenses	5,818,763	3,899,748	2,538,276	2,033,634	8,357,039	5,933,382
Change in Net Position	14,584,103	10,291,919	13,638,187	16,655,658	28,222,290	26,947,577
Net Position - Beginning	31,541,715	21,249,796	67,354,061	50,698,403	98,895,776	71,948,199
Net Position - Ending	**$46,125,818**	**$31,541,715**	**$80,992,248**	**$67,354,061**	**$127,118,066**	**$98,895,776**

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 $4,774,489 for an ending balance of $17,892,473, made up of a mixture of restricted and un-restricted funds, as of December 31, 2020. Total revenues increased by $2,258,489, which was primarily due to sales and use taxes, building permit fees and impact fees. Total expenditures and transfers to other funds increased by $944,435, which was primarily the result of increased cost of infrastructure maintenance and services provided to the community.

Street Impact Fund – The Street Impact Fund balance increased by $1,382,193 for an ending balance of $2,983,544. This increase is primarily due to an increase in collection of impact fees and a transfer from the General Fund.

Parks Impact Fund – The Parks Impact Fund balance decreased by $1,380,312, for an ending balance of $971,584. This decrease is primarily due to the construction of a community park.

Conservation Trust Fund – The Conservation Trust Fund Balance decreased by $296,968 for an ending balance of $51,689. This decrease is primarily due to the construction of a community park.

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 $8,142,910 for an ending balance of $61,384,699. This increase is primarily due to contributed capital due to growth, and dedicated assets. The fund balance is made up of a combination of cash, investments and capital assets.

Sewer Fund – Sewer Fund net position increased by $5,495,277 for an ending fund balance of $19,607,549. This increase is primarily due to contributed capital due to growth, and dedicated assets. The fund balance is made up of a combination of cash, investments and capital assets.

Capital Assets

Approximately 31% of the Town's capital assets support governmental activities. The majority of the value is invested in land, buildings and infrastructure improvements. See Note 4 for more details.

The Town's business-type activities capital assets consist of its investments in water rights, utility systems and related equipment. During 2020, the Town continued its participation in the NISP project. See Note 4 for more details.

Long-Term Debt

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

FUND SUMMARIES

GENERAL FUND

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

Street Fund

The Street Fund is responsible for accounting for impact fees that are legally restricted for growth related capital improvements. Total 2020 impact fees collected were $1,479,988 and $739,003 was spent on a new street construction projects.

Park Fund

The Park Fund is responsible for accounting for impact fees that are legally restricted for growth related capital improvements. Total 2020 impact fees collected were $1,013,920 and $2,406,006 was spent on park improvement projects.

ENTERPRISE FUNDS

Water Fund

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

Sewer Fund

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

Fiscal Outlook

Looking towards future fiscal years, the Town of Severance is actively planning several long-term capital projects to offer more amenities to our citizens: the expansion of parks and recreation in the Town, completion of the 35-acres community park, and the finalization of east and west trails throughout the Town. Expanding on the last item, the Town completed a Parks and Recreation Master Plan during 2018, has received a $750,000 grant and is now working on a connection trail from the Tailholt Subdivision, through the Community Park and connection to the western Overlook Subdivision. The Town will also continue to secure a healthy water portfolio, participate in the NISP storage and supply project, and begin to explore options for building a new wastewater treatment plant.

Request for Information

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

BASIC FINANCIAL STATEMENTS

Town of Severance
STATEMENT OF NET POSITION
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 14,535,296	$ 3,311,402	$ 17,846,698
Cash and investments - Restricted	7,095,015	23,644,466	30,739,481
Receivable - County Treasurer	204,335	-	204,335
Interest receivable	21,224	-	21,224
Utility receivable	-	159,813	159,813
Grant receivable	75,891	-	75,891
Developer receivables	34,857	-	34,857
Due from other governments	366,963	-	366,963
Other receivables	53,247	255,518	308,765
Inventory	-	48,016	48,016
Property taxes receivable	1,303,208	-	1,303,208
Prepaid expenses	11,046	-	11,046
Capital assets, not being depreciated	7,287,611	38,897,746	46,185,357
Capital assets, net	16,999,551	14,957,442	31,956,993
Net pension asset	25,861	-	25,861
Total assets	48,014,105	81,274,403	129,288,508
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	167,823	-	167,823
Total deferred outflows of resources	167,823	-	167,823
LIABILITIES			
Accounts payable	391,233	225,847	617,080
Accrued liabilities	71,733	-	71,733
Deposits and escrow	35,618	14,000	49,618
Noncurrent liabilities			
Due within one year	42,950	12,264	55,214
Due in more than one year	78,764	30,044	108,808
Total liabilities	620,298	282,155	902,453
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	1,303,208	-	1,303,208
Related to pension	132,604	-	132,604
Total deferred inflows of resources	1,435,812	-	1,435,812
NET POSITION			
Net investment in capital assets	24,244,212	53,842,924	78,087,136
Restricted for:			
Emergency reserves	328,000	-	328,000
Street projects	2,983,544	-	2,983,544
Park projects	971,584	-	971,584
Storm drainage	2,099,878	-	2,099,878
Public facilities	646,000	-	646,000
Conservation trust	51,689	-	51,689
Pension	25,861	-	25,861
System capacity and improvements	-	23,630,466	23,630,466
Unrestricted	14,775,050	3,518,858	18,293,908
Total net position	$ 46,125,818	$ 80,992,248	$ 127,118,066

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

Town of Severance

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Total
Primary government:							
General government	$ 1,005,872	$ 1,085,967	$ 222,054	$ 1,387,500	$ 1,689,649	$ -	$ 1,689,649
Community development	1,732,040	1,793,243	-	-	61,203	-	61,203
Public safety	1,149,710	52,622	-	-	(1,097,088)	-	(1,097,088)
Public works	1,761,623	-	358,932	1,485,657	82,966	-	82,966
Parks and recreation	166,539	500	51,377	1,013,920	899,258	-	899,258
Interest on long-term debt and related costs	2,979	-	-	-	(2,979)	-	(2,979)
Acceptance of assets	-	-	-	6,689,266	6,689,266	-	6,689,266
Total governmental activities	$ 5,818,763	$ 2,932,332	$ 632,363	$ 10,576,343	8,322,275	-	8,322,275
Business-type activities:							
Water	$ 1,598,383	$ 1,576,427	$ -	$ 7,995,411	-	7,973,455	7,973,455
Sewer	939,893	807,571	-	5,558,741	-	5,426,419	5,426,419
Total business-type activities	$ 2,538,276	$ 2,383,998	$ -	$ 13,554,152	-	13,399,874	13,399,874
General revenues:							
Property taxes					1,415,918	-	1,415,918
Specific ownership taxes					68,458	-	68,458
Sales taxes					1,269,454	-	1,269,454
Use taxes					3,277,114	-	3,277,114
Net investment income					190,542	232,323	422,865
Other revenues					40,342	5,990	46,332
Total general revenues					6,261,828	238,313	6,500,141
Change in net position					14,584,103	13,638,187	28,222,290
Net position - beginning					31,541,715	67,354,061	98,895,776
Net position - ending					$ 46,125,818	$ 80,992,248	$ 127,118,066

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

Town of Severance

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2020

	General Fund	Street Impact Fund	Other Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 14,535,296	$ -	$ -	$ 14,535,296
Cash and investments - Restricted	3,073,878	2,995,264	1,025,873	7,095,015
Receivable - County Treasurer	204,335	-	-	204,335
Interest receivable	21,224	-	-	21,224
Prepaid expenses	11,046	-	-	11,046
Developer receivables	34,857	-	-	34,857
Due from other governments	366,963	-	-	366,963
Other receivables	53,247	-	-	53,247
Grant receivable	75,891	-	-	75,891
Property taxes receivable	1,303,208	-	-	1,303,208
Total assets	$ 19,679,945	$ 2,995,264	$ 1,025,873	$ 23,701,082
LIABILITIES				
Accounts payable	376,913	11,720	2,600	391,233
Accrued liabilities	71,733	-	-	71,733
Deposits and escrow	35,618	-	-	35,618
Total liabilities	484,264	11,720	2,600	498,584
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	1,303,208	-	-	1,303,208
Total deferred inflows of resources	1,303,208	-	-	1,303,208
FUND BALANCES				
Nonspendable:				
Prepaid expenses	11,046	-	-	11,046
Restricted for:				
Emergencies	328,000	-	-	328,000
Street projects	-	2,983,544	-	2,983,544
Park projects	-	-	971,584	971,584
Storm drainage	2,099,878	-	-	2,099,878
Public facilities	646,000	-	-	646,000
Conservation trust	-	-	51,689	51,689
Unassigned	14,807,549	-	-	14,807,549
Total fund balances	17,892,473	2,983,544	1,023,273	21,899,290
Total liabilities, deferred inflows of resources and fund balances	$ 19,679,945	$ 2,995,264	$ 1,025,873	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, not being depreciated	7,287,611
Capital assets being depreciated, net	16,999,551
Deferred outflows and inflows of resources that represent acquisition or consumption of net position that applies to future periods and, therefore, are not reported in the funds.	
Deferred outflows - pension	167,823
Deferred inflows - pension	(132,604)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Capital leases payable	(42,950)
Accrued compensated absences	(78,764)
Net pension asset / (liability)	25,861
Net position of governmental activities	$ 46,125,818

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

Town of Severance

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2020

	General Fund	Street Impact Fund	Other Funds	Total Governmental Funds
Revenues				
Taxes	$ 6,175,534	$ -	$ -	$ 6,175,534
Intergovernmental revenues	586,355	-	51,377	637,732
Licenses and permits	2,677,205	-	-	2,677,205
Fines and forfeitures	49,822	-	-	49,822
Charges for services	60,716	-	-	60,716
Impact fees	1,387,500	1,479,988	1,013,920	3,881,408
Investment earnings	155,070	22,043	13,429	190,542
Other revenues	40,642	-	-	40,642
Total revenues	11,132,844	1,502,031	1,078,726	13,713,601
Expenditures				
Current				
General government	775,889	-	-	775,889
Community development	1,732,040	-	-	1,732,040
Public safety	1,102,108	-	-	1,102,108
Public works	771,664	-	-	771,664
Parks, recreation, and other	111,783	-	-	111,783
Capital outlay	1,200,805	739,003	2,756,006	4,695,814
Debt service	44,901	-	-	44,901
Total expenditures	5,739,190	739,003	2,756,006	9,234,199
Excess of revenues over (under) expenditures	5,393,654	763,028	(1,677,280)	4,479,402
Other financing sources (uses)				
Transfers in(out)	(619,165)	619,165	-	-
Total other financing sources and (uses)	(619,165)	619,165	-	-
Net change in fund balances	4,774,489	1,382,193	(1,677,280)	4,479,402
Fund balances - beginning	13,117,984	1,601,351	2,700,553	17,419,888
Fund balances - ending	$ 17,892,473	$ 2,983,544	$ 1,023,273	$ 21,899,290

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

Town of Severance

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

For the Year Ended December 31, 2020

Net change in fund balances - governmental funds:	$ 4,479,402
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, the following are the amounts of capital outlay in the current period.	
Capital asset additions	4,138,819
Acceptance of assets	6,689,266
Depreciation expense	(734,888)
Loss on disposal of assets	(20,766)
The issuance of long-term debt (e.g., bond, leases) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Principal payments on capital leases	39,884
Some expenses reported in the statement of activites do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued lease interest payable - Change in liability	2,038
Accrued compensated absences - Change in liability	(29,170)
Pension related - net (expense) / gain	19,518
Change in net position of governmental activities	$ 14,584,103

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

Town of Severance

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2020

	Water Fund	Sewer Fund	Total
ASSETS			
Cash and investments	$ 2,663,142	$ 648,260	$ 3,311,402
Cash and investments - Restricted	15,317,646	8,326,820	23,644,466
Utility receivable	81,118	78,695	159,813
Other receivable	578	254,940	255,518
Parts inventory	48,016	-	48,016
Capital assets, not being depreciated	38,287,730	610,016	38,897,746
Capital assets being depreciated, net	5,220,126	9,737,316	14,957,442
Total assets	$ 61,618,356	$ 19,656,047	$ 81,274,403
LIABILITIES			
Accounts payable	198,503	27,344	225,847
Deposits and escrow	14,000	-	14,000
Non-current liabilties			
Due within one year	6,132	6,132	12,264
Due in more than one year	15,022	15,022	30,044
Total liabilities	233,657	48,498	282,155
NET POSITION			
Net investment in capital assets	43,501,724	10,341,200	53,842,924
Restricted	15,303,646	8,326,820	23,630,466
Unrestricted	2,579,329	939,529	3,518,858
Total net position	$ 61,384,699	$ 19,607,549	$ 80,992,248

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

Town of Severance

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

For the Year Ended December 31, 2020

	Water Fund	Sewer Fund	Total
Operating revenues			
Utility charges	$ 1,318,262	$ 807,571	$ 2,125,833
Other charges for services	258,165	-	258,165
Total revenues	1,576,427	807,571	2,383,998
Operating expenses			
Overhead expenses	315,124	315,124	630,248
Administrative/Office expenses	22,768	16,111	38,879
Operating supplies	219,519	16,777	236,296
Professional fees	75,201	83,073	158,274
Repairs and maintenance	27,354	28,434	55,788
Treatment	659,426	105,142	764,568
Telephone and utilities	17,919	45,583	63,502
Other operating expenses	111,124	16,099	127,223
Depreciation expense	132,416	296,018	428,434
Capital outlay	17,352	17,352	34,704
Total expenditures	1,598,203	939,713	2,537,916
Operating income (loss)	(21,776)	(132,142)	(153,918)
Other income (expense)			
Investment earnings	163,554	68,769	232,323
Other revenue	5,901	89	5,990
Interest expense	(180)	(180)	(360)
Total other income (expense)	169,275	68,678	237,953
Contributed capital			
Plant investment fees	5,795,000	3,989,408	9,784,408
Cash in lieu of dedication	532,650	-	532,650
Dedicated assets	1,667,761	1,569,333	3,237,094
Total contributed capital	7,995,411	5,558,741	13,554,152
Change in net position	8,142,910	5,495,277	13,638,187
Net position - beginning	53,241,789	14,112,272	67,354,061
Net position - ending	$ 61,384,699	$ 19,607,549	$ 80,992,248

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

Town of Severance

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2020

	Water Fund	Sewer Fund	Total
Cash flows from operating activities			
Cash received from customers	$ 1,553,436	$ 830,881	$ 2,384,317
Cash payments to employees for services	(309,824)	(309,824)	(619,648)
Cash payments to suppliers for goods and services	(1,360,789)	(317,801)	(1,678,590)
Net cash provided/(used) by operating activities	(117,177)	203,256	86,079
Cash flows from noncapital financing activities			
Other revenues	5,901	89	5,990
Net cash provided by noncapital financing activities	5,901	89	5,990
Cash flows from capital and related financing activities			
Acquisition of capital assets	(4,250,979)	(39,525)	(4,290,504)
Tap fees received	6,327,650	3,989,408	10,317,058
Debt payments	(6,149)	(6,149)	(12,298)
Net cash provided/(used) by capital and related financing activities	2,070,522	3,943,734	6,014,256
Cash flows from investing activities			
Investment earnings received	163,554	68,769	232,323
Net cash provided by investing activities	163,554	68,769	232,323
Net increase (decrease) in cash and cash equivalents	2,122,800	4,215,848	6,338,648
Cash and cash equivalents - beginning of year	15,857,988	4,759,232	20,617,220
Cash and cash equivalents - end of year	$ 17,980,788	$ 8,975,080	$ 26,955,868

	Water Fund	Sewer Fund	Total
Reconciliation of operating income to net cash provided by operating activities			
Operating income/(loss)	$ (21,776)	$ (132,142)	$ (153,918)
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	132,416	296,018	428,434
(Increase) decrease in:			
Utility receivable	(23,569)	(15,812)	(39,381)
Accounts receivable	(578)	39,122	38,544
Inventory	(48,016)	-	(48,016)
Increase (decrease) in:			
Accounts payable	(160,954)	10,770	(150,184)
Compensated absences	5,300	5,300	10,600
Net cash provided/(used) by operating activities	$ (117,177)	$ 203,256	$ 86,079

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

Note 1 Definition of reporting entity

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

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

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

Joint Ventures

The Town may participate in joint ventures created for special purposes which are not part of the Town's reporting entity. The following is a description of the only joint venture in which the Town participated in during the year ended December 31, 2020.

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

Note 2 Summary of significant accounting policies

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

Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included in program revenues are reported instead as general revenues.

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

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property, equipment and infrastructure are shown as increases in assets, and redemption of bonds are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, sales taxes, and franchise fees. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

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

The Town reports the following non-major governmental funds:

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

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

The Town reports the following major proprietary funds:

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

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

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

Budgets

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

The Town amended its General Fund budget for the year ended December 31, 2020.

Pooled cash and investments

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

Cash and cash equivalents

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

Use of estimates

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

Capital assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

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

Compensated absences

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

Accounts receivable, allowance for doubtful accounts

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

Property taxes

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

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

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

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has an item that is related to its pension that qualifies for reporting in this category. Accordingly, this item is deferred and will be recognized as an outflow of resources in the period the resource is required for use.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting in this category. Accordingly, the items, deferred property tax revenue and deferred pension related items, are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions and Postemployment Benefits Other Than Pensions (OPEB)

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

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

Contributed capital

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

Fund balances

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

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

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

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

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

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

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

At December 31, 2020, the Town had $328,000 restricted by legislation (for emergencies), $51,689 restricted for parks and recreation (Conservation Trust), $2,983,544 for street projects, $2,099,878 for a storm drainage project, $646,000 for public facilities, and $971,584 for park projects.

Note 3 Cash and Investments

Cash and investments are reflected on the December 31, 2020 Statement of Net Position as follows:

Cash and investments	$ 17,846,698
Cash and investments-Restricted	30,739,481
Total cash and investments	$ 48,586,179

Cash and investments at December 31, 2020 consist of the following:

Cash on hand	$ 302
Deposits with financial institutions	1,325,824
Investments	47,260,053
Total cash and investments	$ 48,586,179

At December 31, 2020, the Town's cash deposits had bank balances of $1,374,486 and carrying balances of $1,325,824.

Deposits with financial institutions

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

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

<u>Custodial credit risk - deposits</u>

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town’s cash deposit and investment policy adopts state statutes regarding custodial credit risk for deposits. As of December 31, 2020, the Town’s bank balances and carrying balances were insured or collateralized as follows:

Bank balances		
Federally insured	$	500,000
Collateralized		874,486
Total bank balances	$	1,374,486
Carrying balances		
Federally insured	$	500,000
Collateralized		825,824
Total carrying balances	$	1,325,824

Investments

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

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

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

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

Fair Value Measurement and Application

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. Investments not measured at fair value and not categorized include government money market funds (PFM Funds Governmental Select series), money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee), CSAFE which are recorded at amortized cost, and COLOTRUST which are recorded at net asset value.

As of December 31, 2020, the Town had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (Colotrust)	Weighted average under 60 days	$ 38,629,073
Morgan Stanley Institutional Liquidity Fund	Weighted average under 52 days	3,033,750
U.S. Agency Bonds		5,597,230
		$ 47,260,053

Morgan Stanley Institutional Liquidity Fund

The Morgan Stanley Institutional Liquidity Fund ("MSILF") is rated AAAm by Standard & Poor's and the maturity is weighted average under 52 days. MSILF records its investments at fair value and the Town records its investment in MSILF using the net asset value method. The fund is a money market fund with each share maintaining a value of $1.00. The money market fund invests in high quality debt securities issued by the U.S. Government. At December 31, 2020, the Town had $3,033,750 invested in the MSILF.

COLOTRUST

The Town invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAm by Standard & Poor's. COLOTRUST records its investments at fair value and the Town records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

U.S. Government Agency Securities

As of December 31, 2020, the investment in U.S. government agency securities was in U.S. Agency bonds rated AAA and valued using level 2 inputs.

Note 4 Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land and improvements	$ 822,152	$ 570,414	$ -	$ 1,392,566
Construction in Progress	3,165,000	3,107,408	377,363	5,895,045
Total capital assets not being depreciated	3,987,152	3,677,822	377,363	7,287,611
Capital assets being depreciated:				
Infrastructure	11,406,546	7,404,135	-	18,810,681
Buildings	1,469,162	-	-	1,469,162
Vehicles	699,564	51,400	18,612	732,352
Equipment	690,489	72,093	68,797	693,785
Total capital assets being depreciated	14,265,761	7,527,628	87,409	21,705,980
Less accumulated depreciation:				
Infrastructure	3,005,311	539,502	-	3,544,813
Buildings	352,132	47,639	-	399,771
Vehicles	302,869	83,700	8,645	377,924
Equipment	377,871	64,047	57,997	383,921
Total accumulated depreciation	4,038,183	734,888	66,642	4,706,429
Total capital assets, net	$ 14,214,730	$ 10,470,562	$ 398,130	$ 24,287,162

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

General government depreciation	$ 60,904
Public works depreciation	580,317
Public safety depreciation	47,602
Park and recreation depreciation	46,065
Total depreciation	$ 734,888

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Water rights	$ 27,937,656	$ 2,332,830	$ -	$ 30,270,486
Northern Integrated Supply Proj. in progress	2,140,069	1,500,000	-	3,640,069
North Weld County Water Dist. Capacity	3,398,849	-	-	3,398,849
Construction in progress	1,213,161	375,181	-	1,588,342
Total capital assets not being depreciated	34,689,735	4,208,011	-	38,897,746
Capital assets being depreciated:				
Water System	4,109,280	1,723,854	-	5,833,134
Sewer System	10,444,603	1,569,333	-	12,013,936
Buildings	233,713	-	-	233,713
Equipment	322,057	26,400	15,630	332,827
Total capital assets being depreciated	15,109,653	3,319,587	15,630	18,413,610
Less accumulated depreciation:				
Water System	690,659	102,840	-	793,499
Sewer System	2,118,906	269,399	-	2,388,305
Buildings	76,486	8,053	-	84,539
Equipment	157,313	48,142	15,630	189,825
Total accumulated depreciation	3,043,364	428,434	15,630	3,456,168
Total capital assets, net	$ 46,756,024	$ 7,099,164	$ -	$ 53,855,188

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

Depreciation - Water	$ 132,416
Depreciation - Sewer	296,018
Total Depreciation	$ 428,434

Note 5 **Noncurrent liabilities**

The following is a summary of the changes in noncurrent liabilities of the Town for the year ended December 31, 2020:

	Balance at December 31, 2019	Additions	Reductions	Balance at December 31, 2020	Due Within One Year
Governmental Activities:					
Capital lease obligations	$ 82,834	$ -	$ 39,884	$ 42,950	$ 42,950
Compensated absences	49,594	29,170	-	78,764	-
	$ 132,428	$ 29,170	$ 39,884	$ 121,714	$ 42,950
Business-type Activities:					
Capital lease obligations	$ 23,430	$ -	$ 11,166	$ 12,264	$ 12,264
Compensated absences	19,444	10,600	-	30,044	-
	$ 42,874	$ 10,600	$ 11,166	$ 42,308	$ 12,264

2017 Kansas State Bank Lease

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

2017 John Deere Financial

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

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

The future minimum lease payments as of December 31, 2020 were as follows:

Year	Minimum Annual Payment
2021	$ 55,214

Note 6 Net Position

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

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

As of December 31, 2020, the Town had net investment in capital assets as follows:

	Governmental Activities	Business-type Activites
Net investment in capital assets:		
Capital assets, net	$ 24,287,162	$ 53,855,188
Current portion of long-term debt	(42,950)	(12,264)
Net investment in capital assets	$ 24,244,212	$ 53,842,924

Restricted position includes net position that is restricted for use either externally imposed by creditors, net grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2020, the Town had restricted net position as follows:

	Governmental Activities	Business-type Activites
Restricted net position:		
Emergency reserve	$ 328,000	$ -
Street projects	2,983,544	-
Park projects	971,584	-
Storm drainage	2,099,878	-
Public facilities	646,000	
Conservation trust	51,689	-
Pension	25,861	
System capacity and improvements	-	23,630,466
Total restricted net position	$ 7,106,556	$ 23,630,466

As of December 31, 2020, the Town had unrestricted net position of $14,775,050 in governmental activities and unrestricted net position in business-type activities of $3,518,858.

Note 7 Intergovernmental agreements

2013 Land Use and Utility Agreement

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

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

The Town entered into the Phase1 Agreement for Design, Construction, Land Acquisition, and Cost Recovery with the Town of Windsor and Northlake Metropolitan District Nos 1-5 on October 24, 2017 to provide sanitary sewer facilities to the area surrounding the intersection of State Highway 257 and Weld County Road 74. The parties agree that the Town of Windsor's sanitary sewer utility is the best available source of sanitary sewer service to the area, and recognize savings can be achieved by a coordinated effort with cooperative funding of the line to be constructed by the Town of Windsor. By separate and subsequent agreements, the entities will arrive at understandings for cost-sharing associated with operations, management and future access to the line. Each party deposited $500,000 into a single purpose project account maintained by the Town of Windsor. A preliminary design of the sewer line was completed and some of the necessary easements were acquired. The parties agreed to complete the easement acquisitions in 2019, but elected not to move forward with final design and construction at this time. The Town's share of expenditures in 2020 from the project account amounted to $39,122.

Wastewater Treatment Service Agreement

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

Water Service Agreement

North Weld County Water District (the District) and the Town entered into an Amended and Restated Water Service Agreement on March 5, 2019, to provide treated potable water to the Town. Per this agreement, the District shall furnish, and the Town shall purchase and receive from the District, water for the operation of the Town's water system. The Town is required to purchase plant investment taps for the use of water and capacity provided by and through the District's system. Whenever peak demands exceed the level upon which the initial, or then existing, plant investment taps have been calculated, additional plant investment taps shall be purchased. The additional fee shall consist of a base fee and a distance fee. The plant investment fee is determined on an annual basis based on a periodic percentage increase adopted by the Board of Directors of the District, or in accordance with a rate study or revised rate study adopted by the Board of Directors of the District. In addition to purchasing plant investment taps for capacity and conveyance of water, the Town is billed a monthly usage charge for the treatment and delivery of water to the Town's water system. Usage charges are determined from a percentage increase authorized by the Board of Directors of the District or from a rate study performed by an independent professional consultant and adopted by the Board of Directors of the District.

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 $1,000,000 in 2020 under the NISP Phase 1 agreement.

Note 8 Risk Management

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a joint self-insurance pool created by intergovernmental agreement of over 200 municipalities to provide property, general and automobile liability, and public officials' coverage to its members. CIRSA is governed by a seven-member board elected by and from among its members. Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and those amounts available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not required to do so. The Town has not been informed of any excess losses that may have been incurred by the pool for the past three years.

Note 9 Retirement Commitments

Defined Contribution 457 Plan

The Town provides pension benefits for its employees through a defined contribution money purchase plan. All full-time employees, with the exception of the police department may participate in the plan from the date of employment and are immediately fully vested. The plan provisions can be modified by the Town Council. The Town contributes an amount equal to 5% or 3% of the covered employees' salaries each month, depending upon the employees' negotiated compensation with the Town. Contributions totaled $41,271 in 2020. The Town has no liability for this plan beyond its current annual contribution. Pursuant to Governmental Accounting Standards Board Statement No. 32: Accounting and Financial Reporting for the Internal Revenue Code Section 457 Deferred Compensation Plans, the Town desires that its deferred compensation plan be administered by the ICMA Retirement Corporation, and that the funds be held under such plan be invested in the ICMA Retirement Trust, a trust established by public employers for the collective investment of funds held under their retirement and deferred compensation plans. As such the plan's assets are no longer the property and rights of the Town are not reflected in the financial statements of the Town.

State Fire and Police Pension Plan (FPPA)

Plan Description

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

Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. The comprehensive annual financial report can be obtained on FPPA's website at http://www.fppaco.org.

Description of Benefits

A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. 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' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for 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 currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

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

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

Members of the SWDB plan and their employers are contributing at the rate of 11.0 percent and 8.0 percent, respectively, of base salary for a total contribution rate of 19.0 percent in 2020. 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. Contributions to the SWDB plan from the Town were $31,202 for the year ended December 31, 2020.

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

At December 31, 2020, the Town reported an asset of ($25,861) for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. 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, 2019, the Town’s proportion was 0.04573 percent, which was an increase of 0.02158 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Town recognized pension expense of ($19,518). At December 31, 2020, 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	$ 87,517	$ 506
Changes of Assumptions or other Inputs	49,104	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	40,654
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share Share of Contributions	-	91,444
Contributions Subsequent to the Measurement Date	31,202	-
Total	$ 167,823	$ 132,604

$31,202 in total reported as deferred outflows of resources related to pension resulting from Town contributions subsequent to measurement date will be recognized as an addition to the net pension asset in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2021	$ (2,192)
2022	(5,712)
2023	7,513
2024	(9,641)
2025	7,706
Thereafter	6,343

Actuarial Assumptions

The total pension asset in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2020	January 1, 2019
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%	0.0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension asset and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The preretirement 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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	38.00 %	7.00 %
Equity Long/Short	8.00	6.00
Illiquid Alternatives	25.00	9.20
Fixed Income	15.00	5.20
Absolute Return	8.00	5.50
Managed Futures	4.00	5.00
Cash	2.00	2.52
Total	100.00	

Discount Rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability (Asset)	$ 156,799	$ (25,861)	$ (177,353)

Pension Plan Fiduciary Net Position

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

Changes Between the Measurement Date of the Net Pension Asset and December 31, 2020

House Bill 20-1044 was signed into law on April 1, 2020. Included in the bill is a provision to increase the benefits of the members of the Statewide Defined Benefit Plan through a Rule of 80 provision effective January 1, 2021. This provision provides for a normal retirement as early as age 50 if the member's age combined with years of service totals at least 80. The impact of this change was not included in the Total Pension Asset or the Collective Pension Expense as of the December 31, 2019 measurement period. This will be reflected in the December 31, 2020 measurement period. The impact of the benefit adjustment is approximately $53 million to the SWBD Plan.

Note 10 Commitments and Contingencies

The Town receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of the Town, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Town at December 31, 2020.

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

At December 31, 2020 the Town had construction commitments of $1,274,912 related to street improvement projects.

Note 11 Internal Transfers

The General Fund transferred $619,165 to the Street Impact Fund to provide funding for street projects.

Note 12 Tax, Spending, and Debt Limitation

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

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

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

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

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

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

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

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

Town of Severance

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

For the Year Ended December 31, 2020

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property taxes	$ 1,442,770	$ 1,442,770	$ 1,415,918	$ (26,852)
Specific ownership taxes	60,000	60,000	68,458	8,458
Sales and use taxes	2,412,500	2,457,500	4,546,568	2,089,068
Franchise fees	140,000	140,000	144,590	4,590
Total tax revenues	4,055,270	4,100,270	6,175,534	2,075,264
Intergovernmental revenues				
Cigarette taxes	1,000	1,000	5,009	4,009
Highway users	165,000	165,000	192,155	27,155
Road and bridge	55,000	55,000	84,890	29,890
Clerk/Motor vehicle fees	24,000	24,000	39,499	15,499
Mineral lease	40,000	40,000	35,662	(4,338)
Severance tax	125,000	125,000	141,584	16,584
State grants	20,000	100,775	87,556	(13,219)
Total intergovernmental revenues	430,000	510,775	586,355	75,580
Licenses and permits				
Liquor licenses	1,000	1,000	372	(628)
Building permits	875,000	1,557,881	1,793,243	235,362
Animal licenses	2,500	2,500	1,534	(966)
Business licenses and fees	6,000	6,000	4,208	(1,792)
Other licenses and fees	401,100	401,100	877,848	476,748
Total licenses and permits	1,285,600	1,968,481	2,677,205	708,724
Fines and forfeitures	78,100	78,100	49,822	(28,278)
Charges for services				
Special events charges	30,000	30,000	500	(29,500)
Rents	42,000	42,000	41,160	(840)
Impact fees and other charges for services	754,000	754,000	1,406,556	652,556
Total charges for services	826,000	826,000	1,448,216	622,216
Other				
Investment earnings	150,500	150,500	155,070	4,570
Insurance proceeds/recoveries	-	5,525	8,770	3,245
Other miscellaneous revenue	17,625	57,687	31,872	(25,815)
Total other revenue	168,125	213,712	195,712	(18,000)
Total revenues	6,843,095	7,697,338	11,132,844	3,435,506

(continued)

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

Town of Severance

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

For the Year Ended December 31, 2020

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES				
General government				
Personnel services	401,232	401,232	433,445	(32,213)
Insurance	28,000	28,000	29,649	(1,649)
Professional fees	180,500	180,500	133,343	47,157
Election	20,000	20,000	4,154	15,846
Repairs and maintenance	30,000	30,000	21,402	8,598
Supplies	15,000	15,000	14,039	961
Telephone and utilities	18,000	18,000	15,144	2,856
Traveling and training	24,500	24,500	11,605	12,895
Other expenses	97,421	102,100	113,108	(11,008)
Total general government	814,653	819,332	775,889	43,443
Community development				
Personnel services	228,495	228,495	194,232	34,263
Professional fees	19,500	19,500	10,601	8,899
Building inspections	725,000	1,325,000	1,399,857	(74,857)
Repairs and maintenance	10,000	10,000	2,294	7,706
Supplies	-	-	497	(497)
Telephone and utilities	5,000	5,000	5,471	(471)
Traveling and training	3,000	3,000	78	2,922
Other expenses	172,000	172,000	119,010	52,990
Total community development	1,162,995	1,762,995	1,732,040	30,955
Public safety				
Personnel services	939,078	939,078	879,684	59,394
Contract labor	50,000	50,000	37,472	12,528
Fuel and automotive	15,000	15,000	17,687	(2,687)
Insurance	24,500	24,500	26,686	(2,186)
Professional fees	50,000	50,000	23,876	26,124
Repairs and maintenance	17,500	42,064	33,385	8,679
Supplies	11,000	11,000	13,502	(2,502)
Telephone and utilities	11,000	11,000	10,360	640
Traveling and training	10,000	10,000	11,124	(1,124)
Other expenses	48,999	148,999	48,332	100,667
Total public safety	1,177,077	1,301,641	1,102,108	199,533

(continued)

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

Town of Severance

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

For the Year Ended December 31, 2020

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Public works				
Personnel services	311,842	311,842	304,408	7,434
Fuel and automotive	27,000	27,000	19,588	7,412
Insurance	26,000	26,000	26,914	(914)
Professional fees	21,500	21,500	353	21,147
Repairs and maintenance	271,000	396,000	244,350	151,650
Supplies	15,000	15,000	15,410	(410)
Telephone and utilities	20,000	20,000	20,258	(258)
Traveling and training	12,750	12,750	2,811	9,939
Other expenses	16,000	126,000	137,572	(11,572)
Total public works	721,092	956,092	771,664	184,428
Parks, recreation and other				
Personnel services	100,696	100,696	55,618	45,078
Professional fees	1,000	1,000	300	700
Repairs and maintenance	25,000	25,000	23,216	1,784
Supplies	10,000	10,000	3,790	6,210
Telephone and utilities	16,000	16,000	12,881	3,119
Traveling and training	1,000	1,000	505	495
Other expenses	17,000	17,000	15,473	1,527
Total parks, recreation, and other	170,696	170,696	111,783	58,913
Capital outlay				
General government capital outlay	1,080,000	1,080,000	633,682	446,318
Community development capital outlay	325,000	325,000	70,635	254,365
Public safety capital outlay	170,000	170,000	101,980	68,020
Public works capital outlay	4,847,500	4,847,500	394,508	4,452,992
Total capital outlay	6,422,500	6,422,500	1,200,805	5,221,695
Debt service				
Lease payments	43,931	43,931	44,901	(970)
Total expenditures	10,512,944	11,477,187	5,739,190	5,737,997
Excess of revenues over expenditures	(3,669,849)	(3,779,849)	5,393,654	9,173,503
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	(500,000)	(500,000)	(619,165)	(119,165)
Total other financing sources (uses)	(500,000)	(500,000)	(619,165)	(119,165)
Net change in fund balances	(4,169,849)	(4,279,849)	4,774,489	9,054,338
Fund balances - beginning	12,503,295	12,613,295	13,117,984	504,689
Fund balances - ending	$ 8,333,446	$ 8,333,446	$ 17,892,473	$ 9,559,027

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

Town of Severance

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

For the Year Ended December 31, 2020

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Road infrastructure fee	$ 735,000	$ 1,479,988	$ 744,988
Investment earnings	15,000	22,043	7,043
Total revenues	750,000	1,502,031	752,031
EXPENDITURES			
Overlays and chip seals	500,000	505,992	(5,992)
Street improvements	750,000	137,589	612,411
Drainage improvements	15,000	-	15,000
Equipment	45,000	7,460	37,540
Master plan	110,000	87,962	22,038
Total expenditures	1,420,000	739,003	680,997
Excess of expenditures over (under) revenues	(670,000)	763,028	1,433,028
OTHER FINANCING SOURCES (USES)			
Operating transfers in	500,000	619,165	119,165
Total other financing sources (uses)	500,000	619,165	119,165
Net change in fund balances	(170,000)	1,382,193	1,552,193
Fund balances - beginning	1,519,257	1,601,351	82,094
Fund balances - ending	$ 1,349,257	$ 2,983,544	$ 1,634,287

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

Town of Severance

SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)

FPPA - STATEWIDE DEFINED BENEFIT PLAN

	2020	2019
Plan Measurement Date	December 31, 2019	December 31, 2018
Town's Proportion of the Net Pension Liability (Asset)	0.045730000%	0.024143203%
Town's Proportionate Share of the Net Pension Liability/(Asset)	$ (25,861)	$ 30,524
Town's Covered Payroll	$ 337,015	$ 40,402
Town's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	-7.7%	75.5%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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. Covered payroll is presented based on the fiscal year. The Town did not particpate in the plan prior to 2019.

Town of Severance

SCHEDULE OF TOWN'S CONTRIBUTIONS

FPPA - STATEWIDE DEFINED BENEFIT PLAN

	2020	2019	2018
Contractually Required Contribution	$ 31,202	$ 26,961	$ 3,232
Contributions in Relation to the Contractually Required Contribution	31,202	26,961	3,232
Contribution Deficiency (Excess)	$ -	$ -	$ -
Town's Covered Payroll	$ 390,022	$ 337,015	$ 40,402
Contributions as a Percentage of Covered Payroll	8%	8%	8%

The amounts for each fiscal year were determined as of December 31.

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

SUPPLEMENTARY INFORMATION

Town of Severance

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2020

	Conservation Trust Fund	Park Impact Fund	Total Non-Major Governmental Funds
ASSETS			
Cash and investments - Restricted	$ 51,689	$ 974,184	$ 1,025,873
Total assets	$ 51,689	$ 974,184	$ 1,025,873
LIABILITIES			
Accounts payable	-	2,600	2,600
Total liabilities	-	2,600	2,600
FUND BALANCES			
Restricted for:			
Conservation trust	51,689	-	51,689
Park projects	-	971,584	971,584
Total fund balances	51,689	971,584	1,023,273
Total liabilities and fund balance	$ 51,689	$ 974,184	$ 1,025,873

Town of Severance

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2020

	Conservation Trust Fund	Park Impact Fund	Total Non-Major Governmental Funds
Revenues			
Intergovernmental revenues	$ 51,377	$ -	$ 51,377
Impact fees	-	1,013,920	1,013,920
Investment earnings	1,655	11,774	13,429
Total revenues	53,032	1,025,694	1,078,726
Expenditures			
Capital outlay	350,000	2,406,006	2,756,006
Total expenditures	350,000	2,406,006	2,756,006
Excess of revenues over (under) expenditures	(296,968)	(1,380,312)	(1,677,280)
Fund balances - beginning	348,657	2,351,896	2,700,553
Fund balances - ending	$ 51,689	$ 971,584	$ 1,023,273

Town of Severance

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

For the Year Ended December 31, 2020

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental revenues	$ 55,000	$ 51,377	$ (3,623)
Investment earnings	1,000	1,655	655
Total revenues	56,000	53,032	(2,968)
EXPENDITURES			
Parks, recreation and other	350,000	350,000	-
Total expenditures	350,000	350,000	-
Excess of revenues over (under) expenditures	(294,000)	(296,968)	(2,968)
Fund balances - beginning	349,801	348,657	(1,144)
Fund balances - ending	$ 55,801	$ 51,689	$ (4,112)

Town of Severance

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

For the Year Ended December 31, 2020

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Impact fees	$ 560,000	$ 1,013,920	$ 453,920
Investment earnings	25,000	11,774	(13,226)
Total revenues	585,000	1,025,694	440,694
EXPENDITURES			
Parks, recreation and other	2,550,000	2,405,315	144,685
Contract services	10,000	-	10,000
Equipment	35,000	691	34,309
Total expenditures	2,595,000	2,406,006	188,994
Excess of revenues over expenditures	(2,010,000)	(1,380,312)	629,688
Fund balances - beginning	2,210,035	2,351,896	141,861
Fund balances - ending	$ 200,035	$ 971,584	$ 771,549

Town of Severance

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

For the Year Ended December 31, 2020

	Original and Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
Operating revenues			
Utility charges	$ 1,150,000	$ 1,318,262	$ 168,262
Other charges for services	225,000	258,165	33,165
Total revenues	1,375,000	1,576,427	201,427
Operating expenses			
Overhead expenses	352,067	315,124	36,943
Administrative/Office expenses	8,000	22,768	(14,768)
Operating supplies	193,500	219,519	(26,019)
Professional fees	86,500	75,201	11,299
Repairs and maintenance	31,000	27,354	3,646
Travel and training	500	-	500
Treatment	600,000	659,426	(59,426)
Telephone and utilities	25,000	17,919	7,081
Other operating expenses	119,300	111,304	7,996
Capital outlay	6,251,250	4,268,331	1,982,919
Total expenditures	7,667,117	5,716,946	1,950,171
Operating income (loss)	(6,292,117)	(4,140,519)	2,151,598
Other income (expense)			
Investment earnings	100,000	163,554	63,554
Other revenue	1,000	5,901	4,901
Debt service	(6,148)	(6,149)	(1)
Total other income (expense)	94,852	163,306	68,454
Contributed capital			
Plant investment fees	3,355,000	5,795,000	2,440,000
Cash in lieu of fees	1,375,000	532,650	(842,350)
Total contributed capital	4,730,000	6,327,650	1,597,650
Excess (deficiency) of revenues over (under) expenditures	(1,467,265)	2,350,437	3,817,702
Funds available - beginning	14,706,579	11,538,947	(3,167,632)
Funds available - ending	$ 13,239,314	$ 13,889,384	$ 650,070

Town of Severance

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

For the Year Ended December 31, 2020

Revenue (budgetary basis)	$ 8,073,532
Dedicated assets	1,667,761
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	9,741,293
Expenditures (budgetary basis)	5,723,095
Depreciation	132,416
Capital expenditures	(4,250,979)
Debt service principal	(6,149)
Total expenditures per Statement of Revenues, Expenses and Changes in Net Position	1,598,383
Change in net position per Statement of Revenues, Expenses, and Changes in Net Position	$ 8,142,910

Town of Severance

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - SEWER FUND

For the Year Ended December 31, 2020

	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
Operating revenues			
Utility charges	$ 725,000	$ 807,571	$ 82,571
Total revenues	725,000	807,571	82,571
Operating expenses			
Personnel services	352,067	315,124	36,943
Administrative/Office expenses	6,500	16,111	(9,611)
Operating supplies	38,000	16,777	21,223
Professional fees	7,500	83,073	(75,573)
Repairs and maintenance	120,000	28,434	91,566
Treatment	120,000	105,142	14,858
Telephone and utilities	38,000	45,583	(7,583)
Other operating expenses	21,000	16,279	4,721
Capital outlay	1,151,250	56,877	1,094,373
Total expenditures	1,854,317	683,400	1,170,917
Operating income (loss)	(1,129,317)	124,171	1,253,488
Other income (expense)			
Investment earnings	125,000	68,769	(56,231)
Other revenue	-	89	89
Debt service	(6,148)	(6,149)	(1)
Total other income (expense)	118,852	62,709	(56,143)
Contributed capital			
Plant investment fees	2,112,500	3,989,408	1,876,908
Total contributed capital	2,112,500	3,989,408	1,876,908
Excess (deficiency) of revenues over (under) expenditures	1,102,035	4,176,288	3,074,253
Funds available - beginning	4,758,035	5,796,921	1,038,886
Funds available - ending	$ 5,860,070	$ 9,973,209	$ 4,113,139

Town of Severance

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

For the Year Ended December 31, 2020

Revenue (budgetary basis)	$	4,865,837
Dedicated assets		1,569,333
Total revenues per Statement of Revenues, Expenses and Changes in Net Position		6,435,170
Expenditures (budgetary basis)		689,549
Depreciation		296,018
Capital expenditures		(39,525)
Debt service principal		(6,149)
Total expenditures per Statement of Revenues, Expenses and Changes in Net Position		939,893
Change in net position per Statement of Revenues, Expenses, and Changes in Net Position	$	5,495,277

SPECIAL REPORT

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Severance
		YEAR ENDING : 12/31/2020
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

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	838,105
3. Other local imposts (from page 2)	1,548,446
4. Miscellaneous local receipts (from page 2)	69,080
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	2,455,631
B. Private Contributions	
C. Receipts from State government (from page 2)	231,654
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	2,687,285

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	145,049
2. Maintenance:	200,411
3. Road and street services:	
a. Traffic control operations	8,987
b. Snow and ice removal	57,479
c. Other	69,831
d. Total (a. through c.)	136,298
4. General administration & miscellaneous	193,935
5. Highway law enforcement and safety	761,977
6. Total (1 through 5)	1,437,669
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	1,437,669

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
1,601,351	2,687,285	1,437,669	2,850,967	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): 12/31/2020

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	22,043
b. Other local imposts:		b. Traffic Fines & Penalities	47,037
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	1,479,988	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	68,458	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,548,446	h. Other	
c. Total (a. + b.)	1,548,446	i. Total (a. through h.)	69,080
	(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	192,155	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	39,499	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.)	39,499	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	231,654	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	0
(2). Capacity Improvements		137,589	137,589
(3). System Preservation		0	0
(4). System Enhancement & Operation		7,460	7,460
(5). Total Construction (1) + (2) + (3) + (4)	0	145,049	145,049
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	145,049	145,049
			(Carry forward to page 1)

Notes and Comments: