TOWN OF SEVERANCE, COLORADO

FINANCIAL STATEMENTS
DECEMBER 31, 2023

TABLE OF CONTENTS

TABLE OF CONTENTS (CONTINUED)

SUPPLEMENTARY INFORMATION

SPECIAL REPORTS

THE ADAMS GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Town Council
Town of Severance, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Severance, Colorado (the Town) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

The Adams Group, LLC

Greenwood Village, Colorado
June 18, 2024

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, 2023. 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 $4,594,481 and business-type net position increased by $4,156,237 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 2023 by $174,957,035 (net position). Of this amount, $23,176,623 (unrestricted net position) may be used to meet the Town's ongoing obligations or unforeseen expenses. $28,384,289 is restricted for future capital projects and emergencies.

At the end of 2023 unrestricted net position for the proprietary funds (business-type activities) was $4,425,204.

As of the close of fiscal year 2023, the Town's General Fund reported an ending fund balance of $18,981,016 compared to the fiscal year 2022 balance of $16,369,685. General Fund revenues increased by $1,829,303 to $10,269,685 as of December 31, 2023. General Fund expenditures increased in 2023 by $869,225 to $7,165,711. The increase in expenditures was primarily due to increases in costs for capital outlay and personnel costs when compared to the prior year. The General Fund also had transfers out of $492,643 during 2023. See Note 10.

Using the Basic Financial Statements

The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. These statements are organized so that the reader can understand the Town of Severance as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the Town's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the Town's operations in more detail. The governmental fund statements tell how general Town services are financed in the short term as well as what remains for future spending. The Town has six governmental funds including: the General Fund, Conservation Trust Fund, Transportation Fund, Parks Fund, Public Facilities Fund, and the Public Safety Fund. Proprietary fund statements, sometimes referred to Business Type Activities, offer short and long-term financial information about the activities that the Town operates with self-sustaining user fees. The Town operates three proprietary funds which are the Water Fund, Wastewater Fund, and Stormwater Fund.

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

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

Financial Analysis of the Town as a Whole

The Town's total net position (total assets plus deferred outflows of resources minus total liabilities plus deferred inflows of resources) was $174,957,035 as of December 31, 2023. This represents an increase of $8,750,718.

Government-Wide Financial Statements

The government-wide statements report information about the Town using accounting methods similar to those used by private businesses. The statement of net position includes 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, parks and recreation. The Business-type Activities of the Town of Severance consist of water, wastewater, and stormwater services.

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

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	$ 29,346,130	$ 26,657,106	$ 26,571,922	$ 29,247,594	$ 55,918,052	$ 55,904,700
Capital assets	38,955,122	37,117,306	84,652,208	77,594,166	123,607,330	114,711,472
Net pension asset	-	253,603	-	-	-	253,603
Total assets	68,301,252	64,028,015	111,224,130	106,841,760	179,525,382	170,869,775
Deferred outflows of resources	420,994	167,887	-	-	420,994	167,887
Liabilities						
Current liabilities	2,222,655	2,580,182	344,783	118,650	2,567,438	2,698,832
Net pension liability	62,207	-	-	-	62,207	-
Total liabilities	2,284,862	2,580,182	344,783	118,650	2,629,645	2,698,832
Deferred inflows of resources	2,359,696	2,132,513	-	-	2,359,696	2,132,513
Net position:						
Net investment in capital assets	38,955,122	37,095,355	84,441,001	77,594,166	123,396,123	114,689,521
Restricted	6,371,147	6,839,972	22,013,142	26,522,221	28,384,289	33,362,193
Unrestricted	18,751,419	15,547,880	4,425,204	2,606,723	23,176,623	18,154,603
Total net position	$ 64,077,688	$ 59,483,207	$ 110,879,347	$ 106,723,110	$ 174,957,035	$ 166,206,317

The statement of net position reflects a cash and investments position totaling $52,295,992 or 29% of total assets. The bulk of the Town's resources, $123,607,330 or 69% of total assets, are invested in capital assets. These assets consist of land and improvements, buildings, equipment, infrastructure, and utility system assets.

The Town uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending and are reported as net investment in capital assets. Unrestricted net position may be used for any legal purpose and restricted net position may be used to fund future capital expenditures.

Changes in Net Position

Governmental activities increased the Town of Severance's net position by $4,594,481. Business-type activities increased the Town's net position by $4,156,237. A summary of the changes in net position is as follows:

Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 1,231,039	$ 1,293,906	$ 3,678,094	$ 3,356,959	$ 4,909,133	$ 4,650,865
Operating grants and contributions	2,095,479	1,535,623	-	-	2,095,479	1,535,623
Capital grants and contributions	1,012,041	5,948,026	3,298,025	8,277,495	4,310,066	14,225,521
General revenues:						
Property taxes and SOT	1,960,362	1,904,246	-	-	1,960,362	1,904,246
Sales & use taxes	3,252,024	3,245,728	-	-	3,252,024	3,245,728
Other taxes	231,729	240,058	-	-	231,729	240,058
Investment earnings (loss)	1,147,788	(284,214)	1,251,772	(408,080)	2,399,560	(692,294)
Other revenues	819,085	542,521	-	-	819,085	542,521
Internal balances	94,700	(1,817)	(94,700)	1,817	-	-
Total revenues	11,844,247	14,424,077	8,133,191	11,228,191	19,977,438	25,652,268
Expenses:						
General government	1,260,845	1,201,276	-	-	1,260,845	1,201,276
Community development	892,119	881,530	-	-	892,119	881,530
Public safety	1,782,523	1,545,472	-	-	1,782,523	1,545,472
Public works	2,255,033	1,868,524	-	-	2,255,033	1,868,524
Parks and recreation	882,346	416,880	-	-	882,346	416,880
Water	-	-	2,012,292	1,837,744	2,012,292	1,837,744
Wastewater	-	-	1,482,037	1,370,530	1,482,037	1,370,530
Stormwater	-	-	482,625	400,951	482,625	400,951
Loss (gain) on disposal and transfers	176,900	(48,753)	-	-	176,900	(48,753)
Total expenses	7,249,766	5,864,929	3,976,954	3,609,225	11,226,720	9,474,154
Change in net position	4,594,481	8,559,148	4,156,237	7,618,966	8,750,718	16,178,114
Net position, January 1,	59,483,207	50,924,059	106,723,110	99,104,144	166,206,317	150,028,203
Net position, December 31,	$ 64,077,688	$ 59,483,207	$ 110,879,347	$ 106,723,110	$ 174,957,035	$ 166,206,317

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 funds is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

General Fund – The General Fund balance increased by $2,611,331 for an ending balance of $18,981,016 as of December 31, 2023. Total revenues increased $1,829,303, which was primarily due to an increase in intergovernmental revenues and investment earnings during 2023. Total expenditures increased by $869,225, which was primarily driven by an increase in capital assets and personnel costs during 2023. During the year ended December 31, 2023, the General Fund had net transfers out of $492,643.

Transportation Fund – The Transportation Fund balance decreased by $467,061 for an ending balance of $3,283,630 as of December 31, 2023. Total revenues increased by $226,781, which was primarily due to an increase in investment earnings during the current year.

Total expenditures increased by $1,036,944, which was driven by an increase in capital outlay when compared to the prior year. During the year ended December 31, 2023, the Transportation Fund had net transfers of $792,200 from the other Town funds to support the Transportation Rehab Program for street capital maintenance.

For the year ending December 31, 2023, the General and Transportation Funds are the only major governmental funds. See the combining schedules on pages 42 and 43 for a breakout of the non-major governmental funds.

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

Water Fund – The Water Fund net position increased by $2,774,895 for an ending balance of $72,650,138. This increase is primarily due to contributed capital assets, water acquisition fees, and water impact fees. Net position is made up of a combination of cash, investments, and capital assets.

Wastewater Fund – The Wastewater Fund net position increased by $1,438,813 for an ending balance of $27,896,802. This increase is primarily due to dedicated capital assets and wastewater impact fees. Net position is made up of a combination of cash, investments, and capital assets.

Stormwater Fund – Net position decreased by $57,471 for an ending balance of $10,332,407. This decrease is a result of a decrease in plant investment fees received in 2023 when compared to the prior year. Net position is made up of a combination of cash, investments, and capital assets.

Capital Assets

Approximately 32% of the Town's capital assets support governmental activities. The majority of the value is invested in land, buildings, and infrastructure improvements. The Town's business-type activities capital assets consist of its investments in water rights, utility systems and related equipment. During 2022, the Town continued its participation in the NISP project. See below for a breakout of the Town's capital assets as of December 31, 2022 when compared to the prior year. See Note 4 for additional information.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and improvements	$ 1,645,622	$ 1,644,622	$ 294,759	$ 294,759	$ 1,940,381	$ 1,939,381
Construction in progress	2,423,785	870,422	4,707,679	148,100	7,131,464	1,018,522
Infrastructure	31,382,082	31,489,068	-	-	31,382,082	31,489,068
Buildings	2,084,752	2,137,260	1,468,808	1,261,760	3,553,560	3,399,020
Vehicles	652,172	314,666	-	-	652,172	314,666
Equipment	766,709	661,268	123,296	88,753	890,005	750,021
Water rights	-	-	35,151,374	34,176,374	35,151,374	34,176,374
NISP CIP	-	-	6,478,677	5,322,877	6,478,677	5,322,877
North Weld County capacity	-	-	4,880,333	4,880,333	4,880,333	4,880,333
Water system	-	-	8,020,422	8,265,178	8,020,422	8,265,178
Wastewater System	-	-	14,814,181	14,129,579	14,814,181	14,129,579
Stormwater system	-	-	8,712,679	9,026,453	8,712,679	9,026,453
	$ 38,955,122	$ 37,117,306	$ 84,652,208	$ 77,594,166	$ 123,607,330	$ 114,711,472

Long-Term Liabilities

The Town's governmental and business-type activities long-term liabilities consist of accrued compensated absences payable. See below for a breakout of the Town's long-term debt as of December 31, 2023 when compared to the prior year. See Note 5 for additional information.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Compensated absences	$ 152,484	$ 125,950	$ 38,121	$ 32,335	$ 190,605	$ 158,285
	$ 152,484	$ 125,950	$ 38,121	$ 32,335	$ 190,605	$ 158,285

Fiscal Outlook

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

Request for Information

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

BASIC FINANCIAL STATEMENTS

TOWN OF SEVERANCE
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 20,177,460	$ 4,076,659	$ 24,254,119
Cash and cash equivalents - restricted	6,021,731	22,020,142	28,041,873
Accounts receivable	313,975	-	313,975
Utility receivable	-	268,212	268,212
Due from other governments	514,699	-	514,699
Other receivables	-	175,985	175,985
Inventory	3,030	64,247	67,277
Property tax receivable	2,207,029	-	2,207,029
Prepaid items	74,883	-	74,883
Internal balances	33,323	(33,323)	-
Capital assets, not depreciated	4,069,407	51,512,822	55,582,229
Capital assets, net of depreciation	34,885,715	33,139,386	68,025,101
Total assets	68,301,252	111,224,130	179,525,382
Deferred Outflows of Resources			
Related to pension	420,994	-	420,994
Total deferred outflows of resources	420,994	-	420,994
Liabilities			
Accounts payable	245,553	88,455	334,008
Retainage payable	-	211,207	211,207
Accrued liabilities	143,004	-	143,004
Deposits	49,349	7,000	56,349
Unearned revenue	1,632,265	-	1,632,265
Due within one year	152,484	38,121	190,605
Net pension liability	62,207	-	62,207
Total liabilities	2,284,862	344,783	2,629,645
Deferred Inflows of Resources			
Unavailable property taxes	2,207,029	-	2,207,029
Related to pension	152,667	-	152,667
Total deferred inflows of resources	2,359,696	-	2,359,696
Net Position			
Net investment in capital assets	38,955,122	84,441,001	123,396,123
Restricted			
Emergency reserves	350,000	-	350,000
Capital projects	550,298	-	550,298
Street projects	3,283,630	-	3,283,630
Park projects	340,635	-	340,635
Public facilities	1,325,970	-	1,325,970
Public safety	326,838	-	326,838
Conservation trust	193,776	-	193,776
System capacity and improvements	-	22,013,142	22,013,142
Unrestricted	18,751,419	4,425,204	23,176,623
Total net position	$ 64,077,688	$ 110,879,347	$ 174,957,035

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

TOWN OF SEVERANCE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental Activities:							
General government	$ 1,260,845	$ 429,669	$ 1,437,079	$ -	$ 605,903	$ -	$ 605,903
Community development	892,119	729,877	-	-	(162,242)	-	(162,242)
Public safety	1,782,523	71,493	-	86,500	(1,624,530)	-	(1,624,530)
Public works	2,255,033	-	373,385	680,581	(1,201,067)	-	(1,201,067)
Parks and recreation	882,346	-	285,015	244,960	(352,371)	-	(352,371)
Loss on disposal and transfer of assets	176,900	-	-	-	(176,900)	-	(176,900)
Total governmental activities	7,249,766	1,231,039	2,095,479	1,012,041	(2,911,207)	-	(2,911,207)
Business-Type Activities:							
Water	2,012,292	2,180,204	-	2,007,025	-	2,174,937	2,174,937
Wastewater	1,482,037	1,292,908	-	1,118,000	-	928,871	928,871
Stormwater	482,625	204,982	-	173,000	-	(104,643)	(104,643)
Total business-type activities	3,976,954	3,678,094	-	3,298,025	-	2,999,165	2,999,165
Total primary government	11,226,720	4,909,133	2,095,479	4,310,066	(2,911,207)	2,999,165	87,958
GENERAL REVENUES:							
Taxes							
General property					1,880,323	-	1,880,323
Specific ownership taxes					80,039	-	80,039
Sales					2,059,245	-	2,059,245
Use					1,192,779	-	1,192,779
Franchise					231,729	-	231,729
Investment earnings					1,147,788	1,251,772	2,399,560
Other revenues					819,085	-	819,085
Internal balances					94,700	(94,700)	-
Total general revenues					7,505,688	1,157,072	8,662,760
Changes in net position					4,594,481	4,156,237	8,750,718
Net position - beginning					59,483,207	106,723,110	166,206,317
Net position - ending					$ 64,077,688	$ 110,879,347	$ 174,957,035

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

TOWN OF SEVERANCE
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Transportation Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	$ 20,177,460	$ -	$ -	$ 20,177,460
Cash and investments - restricted	127,186	3,284,214	2,187,219	5,598,619
Accounts receivable	313,975	-	-	313,975
Inventory	3,030	-	-	3,030
Prepaid items	74,883	-	-	74,883
Due from other funds	33,323	-	-	33,323
Due from other governments	514,699	-	-	514,699
Property taxes receivable	2,207,029	-	-	2,207,029
Total assets	$ 23,451,585	$ 3,284,214	$ 2,187,219	$ 28,923,018
Liabilities, deferred inflows of resources and fund balance				
Liabilities:				
Accounts payable	$ 244,969	$ 584	$ -	$ 245,553
Accrued liabilities	143,004	-	-	143,004
Deposits	49,349	-	-	49,349
Unearned revenue	1,632,265	-	-	1,632,265
Total liabilities	2,069,587	584	-	2,070,171
Deferred inflows of resources				
Unavailable property taxes	2,207,029	-	-	2,207,029
Other unavailable revenues	193,953	-	-	193,953
Total deferred inflows of resources	2,400,982	-	-	2,400,982
Fund balance:				
Nonspendable				
Prepaid items	74,883	-	-	74,883
Inventory	3,030	-	-	3,030
Restricted				
Emergencies	350,000	-	-	350,000
Capital projects	127,186	-	-	127,186
Street projects	-	3,283,630	-	3,283,630
Park projects	-	-	340,635	340,635
Public facilities	-	-	1,325,970	1,325,970
Public safety	-	-	326,838	326,838
Conservation trust	-	-	193,776	193,776
Unassigned	18,425,917	-	-	18,425,917
Total fund balances	18,981,016	3,283,630	2,187,219	24,451,865
Total liabilities, deferred inflows of resources and fund balances	$ 23,451,585	$ 3,284,214	$ 2,187,219	$ 28,923,018

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

TOWN OF SEVERANCE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

Total fund balance, governmental funds	$ 24,451,865
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	38,955,122
Deferred outflows and inflows of resources represent an acquisition or consumption of net position that applies to future periods and, therefore, are not reported in the funds.	
Deferred outflows related to pension	420,994
Deferred inflows related to pension	(152,667)
Unavailable revenues	193,953
Long-term liabilities, including capital leases are not due and payable in the current period, and therefore, are not reported in governmental funds.	
Compensated absences	(152,484)
Net pension liability	(62,207)
The internal service fund is used by management to charge capital asset acquisition to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.	423,112
Total net position of governmental activities	$ 64,077,688

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

TOWN OF SEVERANCE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General Fund	Transportation Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 5,444,115	$ -	$ -	$ 5,444,115
Intergovernmental	2,210,495	-	132,314	2,342,809
Licenses and permits	959,383	-	-	959,383
Fines and forfeitures	71,493	-	-	71,493
Charges for services	200,163	-	-	200,163
Impact fees	-	507,581	504,460	1,012,041
Investment earnings	874,949	163,549	91,184	1,129,682
Other revenue	509,087	-	-	509,087
Total revenues	10,269,685	671,130	727,958	11,668,773
Expenditures				
Current:				
General government	1,204,205	-	-	1,204,205
Community development	892,119	-	-	892,119
Public safety	1,614,517	-	-	1,614,517
Public works	789,938	-	-	789,938
Parks, recreation and other	343,110	-	-	343,110
Capital outlay	2,321,822	1,930,391	-	4,252,213
Total expenditures	7,165,711	1,930,391	-	9,096,102
Excess (deficiency) of revenues over (under) expenditures	3,103,974	(1,259,261)	727,958	2,572,671
Other financing sources (uses)				
Transfers in	-	792,200	-	792,200
Transfers out	(492,643)	-	(204,857)	(697,500)
Total other financing sources (uses)	(492,643)	792,200	(204,857)	94,700
Net changes in fund balances	2,611,331	(467,061)	523,101	2,667,371
Fund balances - beginning of year	16,369,685	3,750,691	1,664,118	21,784,494
Fund balances - end of year	$ 18,981,016	$ 3,283,630	$ 2,187,219	$ 24,451,865

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

TOWN OF SEVERANCE
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Net changes in fund balance - total governmental funds:	$ 2,667,371
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	4,174,577
Depreciation expense	(2,159,861)
Loss on disposal and transfer of assets	(176,900)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds	
Change in unavailable revenue	44,968
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	
Change in accrued compensated absences	(26,534)
Pension income	35,054
The Town's internal service fund is used by management to charge costs related to fleet acquisition to individual funds. The net revenue of the internal service fund is reported in governmental activities	35,806
Change in net position of governmental activities	$ 4,594,481

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

TOWN OF SEVERANCE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	Business-Type Activities				Governmental Activities
	Water Fund	Wastewater Fund	Stormwater Fund	Total	Internal Service Fund (1)
Assets					
Current assets:					
Cash and investments	$ 2,066,379	$ 1,912,789	$ 97,491	$ 4,076,659	$ -
Cash and investments - restricted	10,311,975	10,238,681	1,469,486	22,020,142	423,112
Utility receivable	140,888	109,054	18,270	268,212	-
Other receivable	14,267	161,718	-	175,985	-
Inventory	64,247	-	-	64,247	-
Total current assets	12,597,756	12,422,242	1,585,247	26,605,245	423,112
Noncurrent assets:					
Capital assets, not being depreciated	51,401,817	111,005	-	51,512,822	-
Capital assets, net of depreciation	8,938,357	15,414,788	8,786,241	33,139,386	-
Total noncurrent assets	60,340,174	15,525,793	8,786,241	84,652,208	-
Total assets	72,937,930	27,948,035	10,371,488	111,257,453	423,112
Liabilities					
Current liabilities:					
Accounts payable	52,968	35,349	138	88,455	-
Retainage payable	211,207	-	-	211,207	-
Customer deposits	7,000	-	-	7,000	-
Due to other funds	-	-	33,323	33,323	-
Compensated absences, current	16,617	15,884	5,620	38,121	-
Total liabilities	287,792	51,233	39,081	378,106	-
Net Position					
Net investment in capital assets	60,128,967	15,525,793	8,786,241	84,441,001	-
Restricted	10,304,975	10,238,681	1,469,486	22,013,142	423,112
Unrestricted	2,216,196	2,132,328	76,680	4,425,204	-
Total net position	$ 72,650,138	$ 27,896,802	$ 10,332,407	$ 110,879,347	$ 423,112

(1) Fleet Fund

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

TOWN OF SEVERANCE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Business-Type Activities				Governmental Activities
	Water Fund	Wastewater Fund	Stormwater Fund	Total	Internal Service Fund (1)
Operating revenues					
Utility charges	$ 2,134,048	$ 1,292,908	$ 204,982	$ 3,631,938	$ -
Other charges for services	46,156	-	-	46,156	-
Fleet replacement revenue	-	-	-	-	17,700
Total operating revenues	2,180,204	1,292,908	204,982	3,678,094	17,700
Operating expenses					
Overhead expenses	113,641	108,625	38,436	260,702	-
Personnel services	354,772	341,633	111,262	807,667	-
Operating supplies	61,753	33,532	2,019	97,304	-
Professional fees	39,706	33,567	-	73,273	-
Repairs and maintenance	56,599	64,457	2,488	123,544	-
Treatment	914,325	243,490	-	1,157,815	-
Telephone and utilities	18,682	51,624	579	70,885	-
Other operating expenses	156,334	50,866	7,169	214,369	-
Depreciation	296,480	554,243	320,672	1,171,395	-
Total operating expenses	2,012,292	1,482,037	482,625	3,976,954	-
Operating income (loss)	167,912	(189,129)	(277,643)	(298,860)	17,700
Nonoperating revenues					
Investment earnings	651,778	534,942	65,052	1,251,772	18,106
Total non-operating revenues	651,778	534,942	65,052	1,251,772	18,106
Income (loss) before interfund transfers and contributions	819,690	345,813	(212,591)	952,912	35,806
Capital contributions					
Plant investment fees	1,459,150	1,118,000	173,000	2,750,150	-
Cash in lieu of dedication	547,875	-	-	547,875	-
Transfers out	(51,820)	(25,000)	(17,880)	(94,700)	-
Total capital contributions and transfers	1,955,205	1,093,000	155,120	3,203,325	-
Change in net position	2,774,895	1,438,813	(57,471)	4,156,237	35,806
Net position, beginning of year	69,875,243	26,457,989	10,389,878	106,723,110	387,306
Net position, end of year	$ 72,650,138	$ 27,896,802	$ 10,332,407	$ 110,879,347	$ 423,112

(1) Fleet Fund

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

TOWN OF SEVERANCE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Business-Type Activities				Governmental Activities
	Water Fund	Wastewater Fund	Stormwater Fund	Total	Internal Service Fund (1)
Cash Flows From Operating Activities					
Cash received from customers	$ 2,106,135	$ 1,285,703	$ 203,534	$ 3,595,372	$ -
Cash paid to suppliers	(1,357,540)	(577,367)	(50,667)	(1,985,574)	-
Cash paid to employees	(352,401)	(339,316)	(110,164)	(801,881)	-
Other operating receipts	31,958	50	7	32,015	-
Net cash provided by operating activities	428,152	369,070	42,710	839,932	-
Cash Flows From Capital and Related Financing Activities					
Acquisition of capital assets	(6,630,665)	(1,307,105)	(80,459)	(8,018,229)	-
Tap fees received	2,007,025	1,118,000	173,000	3,298,025	-
Fleet replacement revenue	-	-	-	-	17,700
Net cash provided (used) by capital and related financing activities	(4,623,640)	(189,105)	92,541	(4,720,204)	17,700
Cash Flows From Noncapital Financing Activities					
Transfers to/from other funds	(51,820)	(25,000)	15,443	(61,377)	-
Net cash provided (used) by noncapital financing activities	(51,820)	(25,000)	15,443	(61,377)	-
Cash Flows From Investing Activities					
Investment earnings	651,778	534,942	65,052	1,251,772	18,106
Net cash provided by investing activities	651,778	534,942	65,052	1,251,772	18,106
Net change in cash and cash equivalents	(3,595,530)	689,907	215,746	(2,689,877)	35,806
Cash and cash equivalents and restricted cash, beginning of year	15,973,884	11,461,563	1,351,231	28,786,678	387,306
Cash and cash equivalents and restricted cash, end of year	$ 12,378,354	$ 12,151,470	$ 1,566,977	$ 26,096,801	$ 423,112
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities					
Net operating income	$ 167,912	$ (189,129)	$ (277,643)	$ (298,860)	$ -
Adjustments to reconcile net operating income to cash provided by operating activities					
Depreciation expense	296,480	554,243	320,672	1,171,395	-
Changes in assets and liabilities related to operations					
(Increase) Decrease in:					
Accounts receivable	(42,111)	(7,155)	(1,441)	(50,707)	-
Inventory	3,179	-	-	3,179	-
Increase (Decrease) in:					
Accounts payable	321	8,794	24	9,139	-
Compensated absences payable	2,371	2,317	1,098	5,786	-
Net cash provided by operating activities	$ 428,152	$ 369,070	$ 42,710	$ 839,932	$ -

(1) Fleet Fund

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

NOTE 1 – DEFINITION OF THE REPORTING ENTITY

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

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

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

Joint Ventures

The Town may participate in joint ventures created for special purposes which are not part of the Town’s reporting entity. The following is a description of the only joint venture in which the Town participated in during the year ended December 31, 2023.

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

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, sales taxes, and franchise fees. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

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

The Town reports the following non-major governmental funds:

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town reports the following major proprietary funds:

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

Pooled cash and investments

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash and cash equivalents

For the purpose of the statement of cash flows of the proprietary funds, the Town considers cash and cash equivalents to include operating and restricted cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition. Investments are reported in accordance with GASB Statement No. 72, as amended.

Receivables

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

Prepaid Items

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

Capital Assets

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (continued)

Description	Estimated Lives
Building and improvements	30 years
Equipment	5 - 10 years
Vehicles	5 - 15 years
Infrastructure	10 - 50 years

Compensated Absences

The Town grants employees personal time off based on years of service. Up to one year's accrual of leave may be carried over to the next fiscal year. Upon separation from employment with the Town, an employee will be compensated for all earned but unused personal time off. Accrued sick time is not paid to the employee upon separation. Accumulated unpaid vacation pay is accrued when earned in the government-wide financial statements and proprietary fund statements. The Town uses the fund where employees' covered payroll is recorded to liquidate compensated absences.

Long-Term Obligations

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

Deferred Outflows and Deferred Inflows of Resources

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows and Deferred Inflows of Resources (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (income), information about the fiduciary net position of the Statewide Defined Benefit Plan (SWDB), administered by the Fire & Police Pension Association of Colorado (FPPA), and additions to/deductions from the SWDB's fiduciary net position have been determined on the same basis as they are reported by the FPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Contributed Capital

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

Fund Balances

The Town reports fund balances in the governmental fund in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This Statement defined the different types of fund balances that a governmental entity must use for financial reporting. As of December 31, 2023, fund balance of the governmental funds is classified as follows:

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance (continued)

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form (i.e., inventories or prepaid items) or because they are legally or contractually required to be maintained intact. At December 31, 2023, the Town had $77,913 in nonspendable resources.

Restricted - Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. At December 31, 2023, the Town had $5,948,035 in restricted fund balance.

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

Assigned - Amounts that are subject to a purpose constraint that represents an intended use established by the Town in its budget process. The purpose of the assignment must be narrower than the purpose of the general fund.

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

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

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

Net Position

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Property taxes

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

Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the Town. Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred inflows are recorded as revenue in the year they are available or collected.

Estimates

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Budgets

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

Adoption of New Accounting Standard

For the year ended December 31, 2023, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs),* which provides guidance on the accounting and financial reporting for SBITAs for governments. The implementation of the new standard had no impact on the Town's net position as of December 31, 2023.

NOTE 3 – CASH AND INVESTMENTS

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

Cash and investments	$	24,254,119
Cash and investments - restricted		28,041,873
Total cash and investments	$	52,295,992

Cash and investments at December 31, 2023 consist of the following:

Cash on hand	$	4,306
Cash deposits		941,298
Investments		51,350,388
Total	$	52,295,992

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA.

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Cash Deposits (continued)

PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At December 31, 2023, the bank balance and carrying amount of the Town's deposits were $1,133,537 and $945,604, respectively. All cash deposits were covered by either the FDIC or PDPA.

Investments

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

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

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

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

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

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

Below is a breakdown of the Town's investments as of December 31, 2023:

		Maturity		
Investment Type	Rating - S&P	Less than 1 Year	1 to 5 years	Total
Colorado Local Government Liquid Asset Trust (Colotrust)	AAAm	$ 15,131,480	$ -	$ 15,131,480
Morgan Stanley Institutional Liquidity Fund	AAAm	5,265,670	-	5,265,670
U.S. Agency Bonds	AA+	3,151,206	27,802,032	30,953,238
Total		$ 23,548,356	$ 27,802,032	$ 51,350,388

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

COLOTRUST

The Town invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and ColoTrust EDGE.

ColoTrust PRIME and ColoTrust Plus+, which operate similarly to a money market fund and each share is equal in value to $1.00, offer daily liquidity. 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. ColoTrust EDGE, a variance Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate $10.00 transactional share price. ColoTrust EDGE may invest in securities authorized by C.R.S. 24-75-601.1, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAm by Standard & Poor's.

Morgan Stanley Institutional Liquidity Fund

The Morgan Stanley Institutional Liquidity Fund ("MSILF") is rated AAAm by Standard & Poor's and the maturity is weighted average under 20 days. MSILF records its investments at fair value and the Town records its investment in MSILF using the net asset value method. The fund is a money market fund with each share maintaining a value of $1.00. The money market fund invests in high quality debt securities issued by the U.S. Government. At December 31, 2023, the Town had $5,265,670 invested in the MSILF.

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles.

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investment valuation (continued)

The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

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

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balances December, 31 2022	Additions	Deletions	Transfer	Balances December, 31 2023
Governmental Activities:					
Capital Assets, not being depreciated					
Land and improvements	$ 1,644,622	$ 1,000	$ -	$ -	$ 1,645,622
Construction in process	870,422	2,328,391	-	(775,028)	2,423,785
Total capital assets, not depreciated	2,515,044	2,329,391	-	(775,028)	4,069,407
Capital Assets, being depreciated					
Infrastructure	36,586,233	1,045,728	-	592,228	38,224,189
Buildings	2,673,204	32,174	-	5,900	2,711,278
Vehicles	856,002	451,863	-	-	1,307,865
Equipment	1,232,919	315,421	-	-	1,548,340
Total capital assets, depreciated	41,348,358	1,845,186	-	598,128	43,791,672
Accumulated depreciation					
Infrastructure	5,097,165	1,744,942	-	-	6,842,107
Buildings	535,944	90,582	-	-	626,526
Vehicles	541,336	114,357	-	-	655,693
Equipment	571,651	209,980	-	-	781,631
Total accumulated depreciation	6,746,096	2,159,861	-	-	8,905,957
Net capital assets, depreciated	34,602,262	(314,675)	-	598,128	34,885,715
Governmental Activities Capital Assets, net	$ 37,117,306	$ 2,014,716	$ -	$ (176,900)	$ 38,955,122

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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

Governmental activities	
General government	$ 65,160
Public works	1,465,095
Public safety	168,006
Park and recreation	461,600
Total	$ 2,159,861

	Balances December, 31 2022	Additions	Deletions	Transfer	Balances December, 31 2023
Business-Type Activities:					
Capital Assets, not being depreciated					
Land	$ 294,759	$ -	$ -	$ -	$ 294,759
Water rights	34,176,374	975,000	-	-	35,151,374
NISP, CIP	5,322,877	1,155,800	-	-	6,478,677
North Weld County Capacity	4,880,333	-	-	-	4,880,333
Construction in progress	148,100	4,559,579	-	-	4,707,679
Total capital assets, not depreciated	44,822,443	6,690,379	-	-	51,512,822
Capital Assets, being depreciated					
Water system	9,464,603	-	-	-	9,464,603
Wastewater system	17,357,414	1,196,100	-	-	18,553,514
Stormwater system	9,750,162	-	-	-	9,750,162
Buildings	1,401,053	262,500	-	-	1,663,553
Equipment	361,149	80,458	-	-	441,607
Total capital assets, depreciated	38,334,381	1,539,058	-	-	39,873,439
Accumulated depreciation					
Water system	1,199,425	244,756	-	-	1,444,181
Wastewater system	3,227,835	511,498	-	-	3,739,333
Stormwater system	723,709	313,774	-	-	1,037,483
Buildings	139,293	55,452	-	-	194,745
Equipment	272,396	45,915	-	-	318,311
Total accumulated depreciation	5,562,658	1,171,395	-	-	6,734,053
Net capital assets, depreciated	32,771,723	367,663	-	-	33,139,386
Business-Type Activities Capital Assets, net	$ 77,594,166	$ 7,058,042	$ -	$ -	$ 84,652,208

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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

Business-type activities:	
Water	$ 296,480
Wastewater	554,243
Stormwater	320,672
Total	$ 1,171,395

NOTE 5 – LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term liabilities of the Town for the year ended December 31, 2023:

	Balances December 31, 2022	Additions	Deletions	Balances December 31, 2023	Due In One Year
Governmental Activities:					
Compensated absences	$ 125,950	$ 123,146	$ 96,612	$ 152,484	$ 152,484
Total	$ 125,950	$ 123,146	$ 96,612	$ 152,484	$ 152,484
Business-Type Activities:					
Compensated absences	$ 32,335	$ 28,711	$ 22,925	$ 38,121	$ 38,121
Total	$ 32,335	$ 28,711	$ 22,925	$ 38,121	$ 38,121

NOTE 6 – INTERGOVERNMENTAL AGREEMENTS

2013 Land Use and Utility Agreement

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

NOTE 6 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

2013 Land Use and Utility Agreement (continued)

The parties intend for this agreement to remain in full force and effect in perpetuity. On April 9, 2018, the parties amended the agreement to make modifications to the corridor standards. All other terms of the March 25, 2013, agreement remain intact.

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

The Town entered into the Phase 1 Agreement for Design, Construction, Land Acquisition, and Cost Recovery with the Town of Windsor and Northlake Metropolitan District Nos 1-5 on October 24, 2017 to provide sanitary wastewater facilities to the area surrounding the intersection of State Highway 257 and Weld County Road 74. The parties agree that the Town of Windsor's sanitary wastewater utility is the best available source of sanitary wastewater service to the area and recognize savings can be achieved by a coordinated effort with cooperative funding of the line to be constructed by the Town of Windsor. By separate and subsequent agreements, the entities will arrive at understandings for cost-sharing associated with operations, management, and future access to the line. Each party deposited $500,000 into a single purpose project account maintained by the Town of Windsor.

A preliminary design of the wastewater line was completed and some of the necessary easements were acquired. The parties agreed to complete the easement acquisitions in 2019 but elected not to move forward with final design and construction at this time. The Town's share of expenditures in 2023 from the project account was $0.

Wastewater Treatment Service Agreement

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

NOTE 6 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

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 $1,155,800 in 2023 under the NISP Phase 1 agreement.

NOTE 7 – RISK MANAGEMENT

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a joint self-insurance pool created by intergovernmental agreement of over 200 municipalities to provide property, general and automobile liability, and public officials' coverage to its members. CIRSA is governed by a seven-member board elected by and from among its members. Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and those amounts available from insurance providers under excess specific and aggregate insurance contracts.

NOTE 7 – RISK MANAGEMENT (CONTINUED)

Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members.

CIRSA has indicated that any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not required to do so. The Town has not been informed of any excess losses that may have been incurred by the pool for the past three years.

NOTE 8 – RETIREMENT COMMITMENTS

Plan Description

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

Benefits Provided

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

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

NOTE 8 – RETIREMENT COMMITMENTS (CONTINUED)

Benefits Provided (continued)

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

Contributions

The Town and eligible employees are required to contribute to the plan at rates established by State statutes. Employer contributions rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2022, members of the SWDB plan and their employers contributed at a rate of 12.0 percent and 9.0 percent, respectively, of pensionable earnings for a total contribution rate of 21.0 percent. In 2023, members of the SWDB plan and their employers contributed at a rate of 12 percent and 9.5 percent, respectively, of pensionable earnings for a total contribution rate of 21.5 percent. The Town's contributions to the plan of the year ended December 31, 2023, were $62,173, equal to the required contributions.

Pension Liability, Pension Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2023, the Town reported a net pension liability of $62,207, representing its proportionate share of the net pension liability of the plan. The net pension liability was measured at December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2022, the Town's proportion was 0.0701% which was an increase of 0.0233% from its proportion measured at December 31, 2021.

NOTE 8 – RETIREMENT COMMITMENTS (CONTINUED)

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

For the year ended December 31, 2023, the Town recognized pension income of $27,758. At December 31, 2023, 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	$ 134,656	$ 7,635
Changes of Assumptions or other Inputs	79,695	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	140,772	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	3,698	145,032
Contributions Subsequent to the Measurement Date	62,173	-
Total	$ 420,994	$ 152,667

$62,173 reported as deferred outflows of resources related to pension resulting from Town contributions subsequent to the measurement date will be recognized as an increase in the net pension asset in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31,	Amount
2024	$ 10,610
2025	37,198
2026	61,646
2027	93,836
2028	3,960
Thereafter	(1,096)
	$ 206,154

NOTE 8 – RETIREMENT COMMITMENTS (CONTINUED)

Actuarial Assumptions

The actuarial valuations as of January 1, 2023, determined the total pension liability using the following actuarial assumptions and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2023	January 1, 2022
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 years
Long-term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees used the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 project scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 morality 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 2022 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, 2023. 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.

NOTE 8 – RETIREMENT COMMITMENTS (CONTINUED)

Actuarial Assumptions (continued)

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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35 %	8.93 %
Equity Long/Short	6 %	7.47
Private Markets	34 %	10.31
Fixed Income - Rates	10 %	5.45
Fixed Income - Credit	5 %	6.90
Absolute Return	9 %	6.49
Cash	1 %	3.92
Total	100 %	

Discount Rate

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

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

NOTE 8 – RETIREMENT COMMITMENTS (CONTINUED)

Discount Rate (continued)

For purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.05 percent (based on weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.00 percent.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the Net Pension Liability (Asset)	$ 428,844	$ 62,207	$ (241,488)

Pension Plan Fiduciary Net Position

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

Defined Contribution 457 Plan

The Town provides pension benefits for its employees through a defined contribution money purchase plan. All full-time employees, with the exception of the police department may participate in the plan from the date of employment and are immediately fully vested. The plan provisions can be modified by the Town Council. The Town contributes an amount equal to 5% or 3% of the covered employees' salaries each month, depending upon the employees' negotiated compensation with the Town. Contributions totaled $61,920 in 2023. The Town has no liability for this plan beyond its current annual contribution.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Town receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of the Town, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Town at December 31, 2023.

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

At December 31, 2023, the Town had construction commitments of $4,591,939 related to on-going capital projects.

NOTE 10 – INTERNAL TRANSFERS

Interfund transfers for the year ending December 31, 2023 were comprised of the following:

Fund	Transfers In	Transfers Out
General Fund	$ -	$ 492,643
Conservation Trust Fund	-	79,403
Transportation Fund	792,200	-
Public Facilities Fund	-	45,014
Public Safety Fund	-	9,394
Parks Fund	-	71,046
Water Fund	-	51,820
Wastewater Fund	-	25,000
Stormwater Fund	-	17,880
Total	$ 792,200	$ 792,200

NOTE 11 – TAX, SPENDING, AND DEBT LIMITATIONS

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

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

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenues in grants from all state and local governments combined, are excluded from the provisions of TABOR. The Town's management believes the Enterprise funds of the Town qualify for this provision. Spending and revenue limits are determined based on the prior year's fiscal year spending as adjusted for allowable increases for inflation and local growth.

Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless retention of such revenue is approved by the voters.

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
Property taxes	$ 1,865,962	$ 1,865,962	$ 1,880,323	$ 14,361
Specific ownership taxes	100,000	100,000	80,039	(19,961)
Sales and use taxes	2,670,236	2,670,236	3,252,024	581,788
Franchise taxes	225,000	225,000	231,729	6,729
Total tax revenues	4,861,198	4,861,198	5,444,115	582,917
Intergovernmental				
Cigarette tax	3,000	3,000	6,218	3,218
Highway users	289,582	289,582	311,717	22,135
Road and bridge	70,000	70,000	61,668	(8,332)
Clerk/Motor vehicle fees	45,000	45,000	56,686	11,686
Mineral lease	50,000	107,733	107,733	-
Severance tax	10,000	450,073	450,074	1
Shared revenue	150,000	150,000	292,298	142,298
Other intergovernmental	-	1,981,265	924,101	(1,057,164)
Total intergovernmental revenues	617,582	3,096,653	2,210,495	(886,158)
Licenses and permits				
Liquor licenses	400	400	2,350	1,950
Building permits	600,000	800,000	660,843	(139,157)
Animal licenses	1,000	1,000	890	(110)
Business licenses and fees	2,000	2,000	3,450	1,450
Other licenses and fees	62,400	62,400	291,850	229,450
Total license and permit revenues	665,800	865,800	959,383	93,583
Fines and forfeitures	60,000	60,000	71,493	11,493
Charges for services				
Special events and charges	60,000	60,000	90,984	30,984
Rents	41,500	41,500	40,145	(1,355)
Impact fees and other charges	108,766	108,766	69,034	(39,732)
Total charges for services	210,266	210,266	200,163	(10,103)
Other				
Investment earnings	225,000	367,035	874,949	507,914
Miscellaneous revenues	25,000	70,964	509,087	438,123
Total miscellaneous	250,000	437,999	1,384,036	946,037
Total revenues	6,664,846	9,531,916	10,269,685	737,769

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures				
General government				
Personnel services	910,188	910,188	776,804	133,384
Insurance	19,885	19,885	22,641	(2,756)
Professional fees	222,000	508,515	167,889	340,626
Repairs and maintenance	103,875	103,875	92,022	11,853
Supplies	8,225	20,225	17,302	2,923
Telephone and utilities	25,000	25,000	17,906	7,094
Traveling and training	42,200	42,200	43,543	(1,343)
Other expenses	11,472	501,439	66,098	435,341
Total general government	1,342,845	2,131,327	1,204,205	927,122
Community development				
Personnel services	402,413	402,413	342,100	60,313
Professional fees	82,500	82,500	72,427	10,073
Building inspections	567,500	767,500	428,957	338,543
Repairs and maintenance	500	500	727	(227)
Supplies	5,250	5,250	1,121	4,129
Telephone and utilities	3,500	3,500	3,158	342
Traveling and training	2,200	2,200	1,108	1,092
Other expenses	61,520	61,520	42,521	18,999
Total community development	1,125,383	1,325,383	892,119	433,264
Public safety				
Personnel services	1,593,324	1,593,324	1,259,399	333,925
Contract labor	21,800	21,800	13,197	8,603
Fuel and automotive	35,000	35,000	27,175	7,825
Insurance	59,232	59,232	64,316	(5,084)
Professional fees	15,650	15,650	27,139	(11,489)
Repairs and maintenance	72,350	122,350	76,531	45,819
Supplies	39,500	39,500	39,063	437
Telephone and utilities	26,000	26,000	26,620	(620)
Traveling and training	14,000	14,000	19,669	(5,669)
Other expenses	106,900	106,900	61,408	45,492
Total public safety	1,983,756	2,033,756	1,614,517	419,239

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Public works				
Personnel services	258,860	258,860	244,749	14,111
Fuel and automotive	12,200	12,200	13,397	(1,197)
Insurance	9,731	9,731	-	9,731
Professional fees	1,000	1,000	60,390	(59,390)
Repairs and maintenance	263,040	263,040	314,529	(51,489)
Supplies	65,825	96,825	86,468	10,357
Telephone and utilities	22,300	22,300	20,990	1,310
Traveling and training	2,475	2,475	2,019	456
Other expenses	47,500	47,500	47,396	104
Total public works	682,931	713,931	789,938	(76,007)
Parks, recreation and other				
Personnel services	303,431	303,431	206,882	96,549
Repairs and maintenance	45,685	45,685	56,066	(10,381)
Supplies	17,826	19,954	25,697	(5,743)
Telephone and utilities	23,000	23,000	17,972	5,028
Traveling and training	1,375	1,375	1,884	(509)
Other expenses	55,238	55,238	34,609	20,629
Total health and welfare	446,555	448,683	343,110	105,573
Capital outlay				
General government	-	142,035	180,690	(38,655)
Community development	1,220,000	2,936,548	525,432	2,411,116
Public safety	952,334	977,334	143,707	833,627
Public works	565,000	583,000	1,471,993	(888,993)
Total capital outlay	2,737,334	4,638,917	2,321,822	2,317,095
Grant expenditures				
Grant expenditures	725,000	725,000	-	725,000
Total grant expenditures	725,000	725,000	-	725,000
Total expenditures	9,043,804	12,016,997	7,165,711	4,851,286
Excess (deficiency) of revenues over (under) expenditures	(2,378,958)	(2,485,081)	3,103,974	5,589,055
Other financing sources (uses)				
Proceeds from sale of assets	-	-	0	-
Transfers in	-	8,203	-	(8,203)
Transfers out	-	(42,006)	(492,643)	(450,637)
Total other financing sources (uses)	-	(33,803)	(492,643)	(458,840)
Net changes in fund balance	$ (2,378,958)	$ (2,518,884)	2,611,331	$ 5,130,215
Fund balance - beginning of year			16,369,685	
Fund balance - end of year			$ 18,981,016	

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – TRANSPORTATION FUND
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Road infrastructure fee	$ 365,806	$ 365,806	$ 507,581	$ 141,775
Investment earnings	-	-	163,549	163,549
Total revenues	365,806	365,806	671,130	305,324
Expenditures				
Transportation projects	-	3,098,326	1,929,096	1,169,230
Other expenditures	-	-	1,295	(1,295)
Total expenditures	-	3,098,326	1,930,391	1,167,935
Excess (deficiency) of revenues over (under) expenditures	365,806	(2,732,520)	(1,259,261)	1,473,259
Other financing sources (uses)				
Transfers in	-	-	792,200	792,200
Total other financing sources (uses)	-	-	792,200	792,200
Net changes in fund balance	$ 365,806	$ (2,732,520)	(467,061)	$ 2,265,459
Fund balance - beginning of year			3,750,691	
Fund balance - end of year			$ 3,283,630	

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

Fiscal Year	2023	2022	2021	2020	2019
Plan Measurement Date	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Town's Proportion of the Net Pension Liability (Asset)	0.0701%	0.0468%	0.0486%	0.0457%	0.0241%
Town's Proportionate Share of the Net Pension Liability (Asset)	$ 62,207	$ (253,603)	$ (105,420)	$ (25,861)	$ 30,524
Town's Covered Payroll	609,732	376,712	390,022	337,015	40,402
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered payroll	10.2%	(67.3%)	(27.0%)	(7.7%)	75.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.6%	116.2%	106.7%	101.9%	95.2%

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

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

Fiscal Year	2023	2022	2021	2020	2019	2018
Statutorily Required Contributions	$ 62,173	$ 54,876	$ 32,021	$ 31,202	$ 26,961	$ 3,232
Contributions in Relation to the Statutorily Required Contribution	62,173	54,876	32,021	31,202	26,961	3,232
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 655,584	$ 609,732	$ 376,712	$ 390,022	$ 337,015	$ 40,402
Contributions as a Percentage of Covered Payroll	9.5%	9.0%	8.5%	8.0%	8.0%	8.0%

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

SUPPLEMENTARY INFORMATION

TOWN OF SEVERANCE
COMBINING BALANCE SHEET – GOVERNMENTAL NON-MAJOR FUNDS
DECEMBER 31, 2023

	Conservation Trust Fund	Park Fund	Public Facilities Fund	Public Safety Fund	Total Non-Major Governmental Funds
Assets					
Cash and investments - restricted	$ 193,776	$ 340,635	$ 1,325,970	$ 326,838	$ 2,187,219
Total assets	$ 193,776	$ 340,635	$ 1,325,970	$ 326,838	$ 2,187,219
Fund balance:					
Restricted					
Park projects	$ -	$ 340,635	$ -	$ -	$ 340,635
Public facilities	-	-	1,325,970	-	1,325,970
Public safety	-	-	-	326,838	326,838
Conservation trust	193,776	-	-	-	193,776
Total fund balances	193,776	340,635	1,325,970	326,838	2,187,219
Total liabilities, deferred inflows of resources and fund balances	$ 193,776	$ 340,635	$ 1,325,970	$ 326,838	$ 2,187,219

See the accompanying Independent Auditors Report

TOWN OF SEVERANCE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL NON-MAJOR FUNDS
YEAR ENDED DECEMBER 31, 2023

	Conservation Trust Fund	Park Fund	Public Facilities Fund	Public Safety Fund	Total Non-Major Governmental Funds
Revenues					
Intergovernmental	$ 132,314	$ -	$ -	$ -	$ 132,314
Impact fees	-	244,960	173,000	86,500	504,460
Investment earnings (loss)	8,538	12,938	56,592	13,116	91,184
Total revenues	140,852	257,898	229,592	99,616	727,958
Excess revenues over expenditures	140,852	257,898	229,592	99,616	727,958
Other financing sources (uses)					
Transfers out	(79,403)	(71,046)	(45,014)	(9,394)	(204,857)
Total other financing sources (uses)	(79,403)	(71,046)	(45,014)	(9,394)	(204,857)
Net changes in fund balances	61,449	186,852	184,578	90,222	523,101
Fund balances - beginning of year	132,327	153,783	1,141,392	236,616	1,664,118
Fund balances - end of year	$ 193,776	$ 340,635	$ 1,325,970	$ 326,838	$ 2,187,219

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE – BUDGET AND ACTUAL – CONSERVATION TRUST FUND
YEAR ENDED DECEMBER 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental revenues	$ 100,000	$ 132,314	$ 32,314
Investment earnings	-	8,538	8,538
Total revenues	100,000	140,852	40,852
Excess (deficiency) of revenues over (under) expenditures	100,000	140,852	40,852
Other financing sources (uses)			
Transfers out	(100,000)	(79,403)	20,597
Total other financing sources (uses)	(100,000)	(79,403)	20,597
Net changes in fund balance	$ -	61,449	$ 61,449
Fund balance - beginning of year		132,327	
Fund balance - end of year		$ 193,776	

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – PARKS FUND
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Impact fees	$ 200,960	$ 200,960	$ 244,960	$ 44,000
Investment earnings	-	-	12,938	12,938
Total revenues	200,960	200,960	257,898	56,938
Excess (deficiency) of revenues over (under) expenditures	200,960	200,960	257,898	56,938
Other financing sources (uses)				
Transfer out	(66,500)	(81,823)	(71,046)	10,777
Total other financing sources (uses)	(66,500)	(81,823)	(71,046)	10,777
Net changes in fund balance	$ 134,460	$ 119,137	186,852	$ 67,715
Fund balance - beginning of year			153,783	
Fund balance - end of year			$ 340,635	

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – PUBLIC FACILITIES FUND
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Impact fees	$ 145,000	$ 305,000	$ 173,000	$ (132,000)
Investment earnings	-	-	56,592	56,592
Total revenues	145,000	305,000	229,592	(75,408)
Excess (deficiency) of revenues over (under) expenditures	145,000	305,000	229,592	(75,408)
Other financing sources (uses)				
Transfer out	(1,100,000)	(1,100,000)	(45,014)	1,054,986
Total other financing sources (uses)	(1,100,000)	(1,100,000)	(45,014)	1,054,986
Net changes in fund balance	$ 145,000	$ (795,000)	184,578	$ 979,578
Fund balance - beginning of year			1,141,392	
Fund balance - end of year			$ 1,325,970	

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – PUBLIC SAFETY FUND
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Impact fees	$ 72,500	$ 147,500	$ 86,500	$ (61,000)
Investment earnings (loss)	-	-	13,116	13,116
Total revenues	72,500	147,500	99,616	(47,884)
Excess (deficiency) of revenues over (under) expenditures	72,500	147,500	99,616	(47,884)
Other financing sources (uses)				
Transfer out	(215,000)	(215,000)	(9,394)	205,606
Total other financing sources (uses)	(215,000)	(215,000)	(9,394)	205,606
Net changes in fund balance	$ (142,500)	$ (67,500)	90,222	$ 157,722
Fund balance - beginning of year			236,616	
Fund balance - end of year			$ 326,838	

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND NET POSITION – BUDGET AND ACTUAL (BUDGETARY BASIS) – WATER FUND
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating revenues				
Utility charges	$ 2,237,474	$ 2,271,474	$ 2,134,048	$ (137,426)
Other charges for services	-	-	46,156	46,156
Total revenues	2,237,474	2,271,474	2,180,204	(91,270)
Operating expenses				
Overhead expenses	134,682	134,682	113,641	21,041
Personnel services	381,015	381,015	354,772	26,243
Operating supplies	114,500	114,500	61,753	52,747
Professional fees	34,500	1,021,174	39,706	981,468
Repairs and maintenance	53,290	57,490	56,599	891
Treatment	1,226,500	1,226,500	914,325	312,175
Telephone and utilities	17,000	17,000	18,682	(1,682)
Other operating expenses	86,035	86,035	156,334	(70,299)
Capital outlay	5,988,300	12,386,976	6,841,874	5,545,102
Total operating expenses	8,035,822	15,425,372	8,557,686	6,867,686
Other income				
Investment earnings	-	-	651,778	651,778
Total other income	-	-	651,778	651,778
Contributed capital and transfers				
Plant investment fees	1,595,050	3,327,678	1,459,150	(1,868,528)
Cash in lieu of fees	-	-	547,875	547,875
Transfers out	-	-	(51,820)	(51,820)
Total contributed capital and transfers	1,595,050	3,327,678	1,955,205	(1,372,473)
Change in net position, budgetary basis	$ (4,203,298)	$ (9,826,220)	(3,770,499)	$ 6,055,721
Reconciliation to GAAP basis				
Capital outlay			6,841,874	
Depreciation			(296,480)	
Change in net position, GAAP basis			2,774,895	
Net position, beginning of year			69,875,243	
Net position, end of year			$ 72,650,138	

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND NET POSITION – BUDGET AND ACTUAL (BUDGETARY BASIS) – WASTEWATER FUND
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating revenues				
Utility charges	$ 1,211,247	$ 1,245,247	1,292,908	$ 47,661
Total revenues	1,211,247	1,245,247	1,292,908	47,661
Operating expenses				
Overhead expenses	128,740	128,740	108,625	20,115
Personnel services	361,043	361,043	341,633	19,410
Operating supplies	35,500	35,500	33,532	1,968
Professional fees	35,500	92,878	33,567	59,311
Repairs and maintenance	71,290	71,290	64,457	6,833
Treatment	188,000	188,000	243,490	(55,490)
Telephone and utilities	50,400	50,400	51,624	(1,224)
Other operating expenses	68,550	68,550	50,866	17,684
Capital outlay	1,122,500	1,756,500	1,307,105	449,395
Total operating expenses	2,061,523	2,752,901	2,234,899	518,002
Other income				
Investment earnings	-	-	534,942	534,942
Total other income	-	-	534,942	534,942
Capital contributions and transfers				
Plant investment fees	897,000	897,000	1,118,000	221,000
Transfers out	-	-	(25,000)	(25,000)
Total contributed capital	897,000	897,000	1,093,000	196,000
Change in net position, budgetary basis	$ 46,724	$ (610,654)	685,951	$ 1,296,605
Reconciliation to GAAP basis				
Capital outlay			1,307,105	
Depreciation			(554,243)	
Change in net position, GAAP basis			1,438,813	
Net position, beginning of year			26,457,989	
Net position, end of year			$ 27,896,802	

See the accompanying Independent Auditors Report

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND NET POSITION – BUDGET AND ACTUAL (BUDGETARY BASIS) – STORMWATER FUND
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating revenues				
Utility charges	$ 199,260	$ 199,260	$ 204,982	$ 5,722
Total revenues	199,260	199,260	204,982	5,722
Operating expenses				
Overhead expenses	45,554	45,554	38,436	7,118
Personnel services	132,047	132,047	111,262	20,785
Operating supplies	-	-	2,019	(2,019)
Repairs and maintenance	7,920	7,920	2,488	5,432
Telephone and utilities	500	500	579	(79)
Other operating expenses	8,216	8,216	7,169	1,047
Capital outlay	115,000	118,000	80,458	37,542
Total operating expenses	309,237	312,237	242,411	69,826
Other income				
Investment earnings	-	-	65,052	65,052
Total other income	-	-	65,052	65,052
Capital contributions and transfers				
Plant investment fees	145,000	145,000	173,000	28,000
Transfers in	-	42,006	-	(42,006)
Transfers out	-	(8,203)	(17,880)	(9,677)
Total contributed capital	145,000	178,803	155,120	(23,683)
Change in net position, budgetary basis	$ 35,023	$ 65,826	182,743	$ 116,917
Reconciliation to GAAP basis				
Capital outlay			80,458	
Depreciation			(320,672)	
Change in net position, GAAP basis			(57,471)	
Net position, beginning of year			10,389,878	
Net position, end of year			$ 10,332,407	

TOWN OF SEVERANCE
STATEMENT OF NET POSITION
FLEET FUND
DECEMBER 31, 2023

Assets	
Current assets:	
Cash and investments - restricted	$ 423,112
Total assets	423,112
Net Position	
Restricted	423,112
Total net position	$ 423,112

TOWN OF SEVERANCE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND NET POSITION – BUDGET AND ACTUAL (BUDGETARY BASIS) –
FLEET FUND
YEAR ENDED DECEMBER 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
Operating revenues			
Fleet replacement revenue	$ 17,700	$ 17,700	$ -
Total revenues	17,700	17,700	-
Other income			
Investment earnings	-	18,106	18,106
Total other income	-	18,106	18,106
Change in net position, budgetary basis	$ 17,700	35,806	$ 18,106
Change in net position, GAAP basis		35,806	
Net position, beginning of year		387,306	
Net position, end of year		$ 423,112	

TOWN OF SEVERANCE
STATEMENT OF CASH FLOWS
FLEET FUND
YEAR ENDED DECEMBER 31, 2023

Cash Flows From Capital and Related Financing Activities	
Fleet replacement revenue	$ 17,700
Net cash provided by capital and related financing activities	17,700
Cash Flows From Investing Activities	
Investment earnings	18,106
Net cash provided by investing activities	18,106
Net change in cash and cash equivalents	35,806
Cash and cash equivalents and restricted cash, beginning of year	387,306
Cash and cash equivalents and restricted cash, end of year	$ 423,112

See the accompanying Independent Auditors Report

SPECIAL REPORTS

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Severance
		YEAR ENDING : Dec-23
This Information From The Records Of the Town of Severance	Prepared By: Phone:	Jacquelyn Grossnickle 970-686-1218

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	1,214,933
3. Other local imposts (from page 2)	587,621
4. Miscellaneous local receipts (from page 2)	224,392
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)	2,026,945
B. Private Contributions	
C. Receipts from State government (from page 2)	368,403
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	2,395,349

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	1,138,192
2. Maintenance:	172,732
3. Road and street services:	
a. Traffic control operations	10,040
b. Snow and ice removal	110,915
c. Other	82,227
d. Total (a. through c.)	203,183
4. General administration & miscellaneous	229,322
5. Highway law enforcement and safety	1,118,982
6. Total (1 through 5)	2,862,411
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	2,862,411

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
3,750,692	2,395,349	2,862,411	3,283,630	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): Dec-23

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	163,549
b. Other local imposts:		b. Traffic Fines & Penalities	60,843
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	507,581	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	80,039	g. Other Misc. Receipts	
6. Total (1. through 5.)	587,621	h. Other	
c. Total (a. + b.)	587,621	i. Total (a. through h.)	224,392
	(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	311,717	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	56,686	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.)	56,686	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	368,403	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		14,423	14,423
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		1,123,769	1,123,769
(3). System Preservation		0	0
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,123,769	1,123,769
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,138,192	1,138,192
			(Carry forward to page 1)

Notes and Comments: