

TOWN OF NEW CASTLE, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2017

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Honorable Mayor and Members of the Town Council
Town of New Castle
New Castle, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of New Castle, Colorado, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of New Castle, Colorado, as of December 31, 2017, 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.

Other Matters

Required Supplementary Information

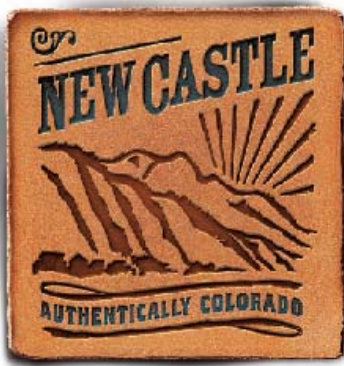
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary information on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

John Luttrell & Associates, LLC

July 25, 2018



Town of New Castle, Colorado
Management's Discussion and Analysis
Fiscal Year Ending December 31, 2017

This Management's Discussion and Analysis (MD&A) of the Town of New Castle's 2017 financial statements is offered to provide an objective and easy-to-read analysis of the government's financial activities based on currently known facts, decisions and conditions. The MD&A should be read in conjunction with the Town's basic financial statements.

The Town of New Castle is a Home Rule Municipality incorporated in 1888. The Town has seven elected officials who are responsible for all policy decisions that affect the government's financial condition. The appointed Town Administrator is responsible for preparing the annual budget which is adopted by the Council every December. The Town Administrator and appointed Town Finance Director/Treasurer are responsible for financial reporting to the Town Council and to the public at large. The Town maintains four separate funds, which are as follows:

- A) General Fund
- B) Utility Fund
- C) Conservation Trust Fund
- D) Cemetery Fund

Overview of the Financial Statements

The financial section of the audit report is comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements.

Government-wide Financial Statements:

The government-wide financial statements, which consist of the Statement of Net Position and the Statement of Activities, give readers a broad overview of the entire Town's financial position and changes in financial position in a manner similar to a private-sector business. These statements report information about the Town as a whole and include all assets and liabilities using the accrual basis of accounting, which reports all of the current year's revenues and expenses regardless of when the cash is received or paid.

The *statement of net position* (page iv) presents the Town of New Castle's assets and liabilities, with the difference between the two reported as net position. The net position is summarized as follows: 1) invested in capital assets, 2) unreserved or available for any current use. Over a period of time increases or decreases in the Town's net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other non-financial factors, however, such as changes in the Town's property tax base, are needed to assess the overall financial condition of the Town.

The *statement of activities* (page vi) presents data showing how the Town's net position changed as a result of the operations of the Town government during the most recent fiscal year. All changes in net position are reported when an event occurs that requires a revenue or expense to be recognized, regardless of when the related cash is received or disbursed (accrual basis of accounting). Thus, some revenues and expenses reported in this statement will result in cash flows in future periods.

The government-wide financial statements distinguish the different functions of the Town that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from the other functions that are intended to recover all or a significant portion of their costs through user fees or charges for services (*Business Type Activities*). The Governmental Activities of the Town of New Castle include general government, public safety, public works, health and welfare, and parks and recreation. The Business Type Activities include water, wastewater, and trash utilities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town's funds can be divided into three categories: Governmental Fund, Proprietary Fund and Fiduciary Fund.

Governmental Funds (pages 3 - 4) - The activity of the Town's General and Special Revenue funds are reported as governmental funds, which are essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the short-term flow of money into and out of these funds. These statements use the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed view of the Town's general governmental and special revenue operations and the services that are provided. Governmental fund statements help to determine the financial resources that are available to finance the Town's operations and programs in the near future.

Proprietary (Business Like) Fund (pages 6 -8) - The Town of New Castle maintains one proprietary (enterprise) fund, which reports the same functions as the business-type activities in the government-wide financial statements. The Town uses the proprietary fund to account for the water, wastewater and trash operations (**utilities**) that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs, including depreciation, of providing goods or services to the public be financed or recovered primarily through user fees or charges.

Fiduciary (Trust) Fund - A fiduciary fund is a fund that is held in trust for a specific purpose. The Town of New Castle maintains one fiduciary fund which reports the operating activities of the Highland Cemetery. The fiduciary fund is not included in the statement of net position or statement of activities, but is included in the Required Supplemental Information, Budgeted and Actual Revenues and Expenditures.

Notes to the Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the financial statements are on pages 9 – 25 of this report.

Financial Highlights

Governmental Activities

- As of December 31, 2017 the governmental funds held \$ 1,946,478 in assets that were readily convertible to cash and \$542,324 in current liabilities.
- As of December 31, 2017 the Town's governmental activities fund held \$12,506,595 in depreciated capital assets (pg. 1), a 2.97% decrease; and \$756,378 in capital asset liabilities (pg. 20), a 15.86% decrease.
- Total 2017 sales tax revenue increased 5.14% or \$70,892 compared to fiscal year 2016. The 3.5% Town sales tax revenue increased 5.37% or \$67,430 compared to 2016.
- 2017 property tax revenue decreased by \$2,005 or 0.47% compared to fiscal year 2016.
- 2017 building permit revenue increased by 2.14% or \$1,879 compared to fiscal year 2016. 2017 use tax revenue increased by 0.68 or \$311 compared to fiscal year 2016.
- 2017 lodging tax revenue increased by 18.42% or \$2,486 compared to fiscal year 2016.
- 2017 mineral lease tax revenue increased by 11.08% or \$12,419 compared to fiscal year 2016 and severance tax revenue decreased by 13.92% or \$6,302.
- 2017 governmental activities salary expense increased by 4.26% or \$52,043 compared to fiscal year 2016.
- Total governmental activities net position increased by 0.27% or \$75,637 during the 2017 fiscal year.

Business-type Activities

- As of December 31, 2017 total assets were \$21,190,993 (pg. 1), an increase of 0.97% or \$203,899. Cash, investments and receivables decreased by \$321,498 and capital assets increased by \$525,397.
- 2017 revenue from the water, wastewater and trash charges for services (pg. 2) increased by \$39,882 or 1.79% compared to fiscal year 2016.
- 2017 business-type activities salary expense increased by 17.77% or \$102,544 compared to fiscal year 2016.
- 2017 business-type activities electric and natural gas utility expense of \$152,796 was a decrease of 0.83% or \$1,286 compared to fiscal year 2016.

Business-type Activities (Continued)

- Total enterprise liabilities decreased by \$553,526 during 2017 due to decreases in long term debt.

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to the prior fiscal year.

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 1,946,478	\$ 1,868,450	\$ 1,472,123	\$ 1,793,621	\$ 3,418,601	\$ 3,662,071
Capital assets	27,999,231	28,494,697	19,718,870	19,193,473	47,718,101	47,688,170
Total assets	29,945,709	30,363,147	21,190,993	20,987,094	51,136,702	51,350,241
Long-term debt outstanding	853,719	988,766	5,873,830	6,267,890	6,727,549	7,256,656
Other liabilities	545,563	677,584	212,537	372,003	758,100	1,049,587
Total liabilities	1,399,282	1,666,350	6,086,367	6,639,893	7,485,649	8,306,243
Net Position:						
Net Investment in						
Capital assets	27,206,657	27,560,629	13,845,040	12,925,583	41,051,697	40,486,212
Restricted	224,976	196,402	-	-	224,976	196,402
Unrestricted	1,114,794	939,766	1,259,586	1,421,618	2,374,380	2,361,384
Total net position	28,546,427	28,696,797	15,104,626	14,347,201	43,651,053	43,043,998

The Town’s total net position for fiscal year 2017 increased by 1.41% or \$607,055. The Town’s assets exceed liabilities by \$43,651,053 (net position) as of December 31, 2017. By far the largest portion of net position (94.05%) is invested in capital assets (e.g. land, buildings, equipment, etc.). The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the Town of New Castle’s investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to retire these liabilities.

The restricted portion of net position (0.52%) represents resources that are subject to various debt provisions, contracts and agreements on how they may be used. The remaining balance of \$2,374,380 is unrestricted and can be used to meet the Town’s ongoing obligations to its citizens and creditors.

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation:

Net Results of Activities – will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital – will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – will reduce current assets and increase capital assets. A second impact results in an increase in capital assets and an increase in related net debt which will not change the net investment in capital assets.

Spending of Non-borrowed Current Assets on New Capital – will (1) reduce current assets and increase capital assets and (2) will reduce restricted and or unrestricted net position and increase net investment in capital assets.

Principal Payment on Debt – will (1) reduce current assets and reduce long-term debt and (2) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets Through Depreciation – will reduce capital assets and net investment in capital assets.

Summary of GASB Statement 54

The Governmental Accounting Standards Board (GASB) approved statement 54 in 2009, the intent of the statement is to enhance governmental fund balance reporting in order for financial statements to be more consistent and comparable between similar government entities, improve the usefulness of fund balance reporting (what funds are actually available), and clarify the meaning of governmental fund type definitions. The Town of New Castle implemented statement 54 for fiscal year 2011 as required and will **no** longer use the fund balance definitions of: reserves, designated or undesignated.

We present the following summary of new fund balance terminology:

- (a) **Nonspendable** – not in spendable form, examples are inventory, long-term receivables (unless the proceeds are restricted, committed or assigned), prepaid expenses, and legally or contractually required amounts required to be maintained intact – like the corpus of a permanent fund.
- (b) **Restricted** – Amounts constrained to being used for a specific purpose by (1) external parties (state, federal, private donor, creditors), (2) constitutional provisions, (3) enabling legislation (grant from the state), (4) what is legally reserved now.
- (c) **Committed** – constraint on use imposed by the Town itself, using its highest level of decision-making authority (resolution or ordinance), constraint can be removed or changed only by taking the same action, the action to constrain resources should occur prior to the end of the fiscal year – though the exact amount may be determined subsequently.
- (d) **Assigned** – amounts intended to be used for specific purposes where the intent is expressed by the governing body or a body or official authorized by the governing body. Includes using fund balance to balance the budget – appropriation for deficit.
- (e) **Unassigned** – available for any purpose.

STATEMENT OF ACTIVITIES

The Statement of Activities (pg. 2) takes into consideration the Town as a whole and reflects the change in net position for fiscal year 2017.

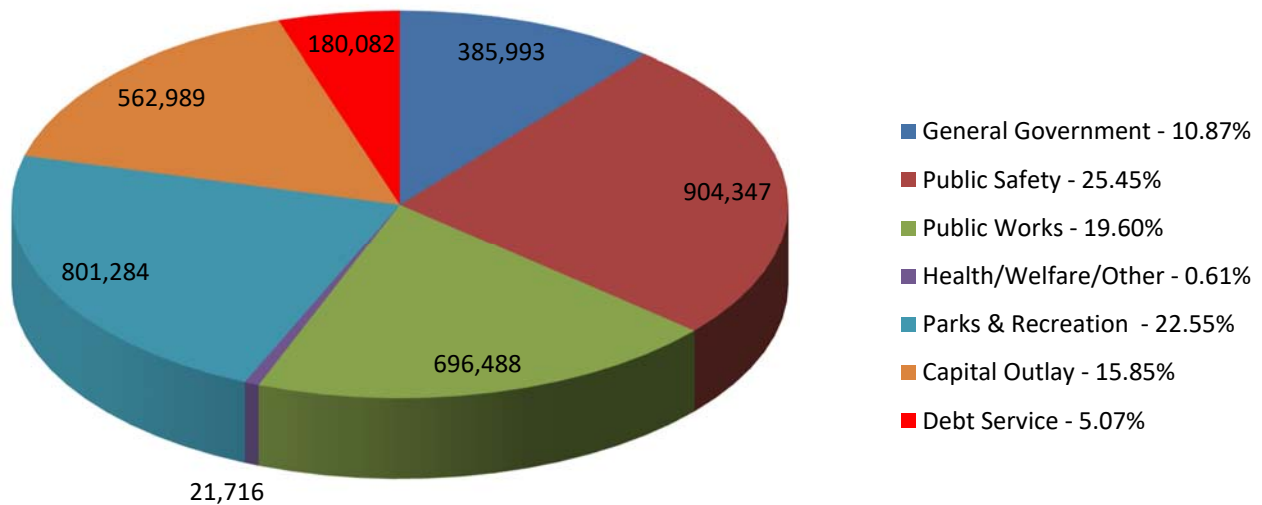
	Governmental		Business Type		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	373,699	271,955	2,262,609	2,222,727	2,636,308	2,494,682
Operating Grants						
Capital Grants	<u>756,150</u>	<u>1,084,255</u>	<u>1,111,385</u>	<u>357,684</u>	<u>1,867,535</u>	<u>1,441,939</u>
Total Program Revenues	<u>1,129,849</u>	<u>1,356,210</u>	<u>3,373,994</u>	<u>2,580,411</u>	<u>4,503,843</u>	<u>3,936,621</u>
General Revenues						
Sales and Use Taxes	1,451,135	1,380,243			1,451,135	1,380,243
Property Taxes	426,427	428,188			426,427	428,188
Franchise Taxes	122,541	116,763			122,541	116,763
Other Taxes	287,293	261,565			287,293	261,565
Investment Income	15,428	10,555	100	160	15,528	10,715
Developer Reimbursement	34,305	25,729			34,305	25,729
Contributed assets						
Other Revenues	174,762	198,362	55,908	12,749	230,670	211,111
Transfers						
Total General Revenues	<u>2,511,891</u>	<u>2,421,405</u>	<u>56,008</u>	<u>12,909</u>	<u>2,567,899</u>	<u>2,434,314</u>
Total Revenue	<u>3,641,740</u>	<u>3,777,615</u>	<u>3,430,002</u>	<u>2,593,320</u>	<u>7,071,742</u>	<u>6,370,935</u>
Expenses:						
General Government	415,459	492,218			415,459	492,218
Public Safety	967,400	974,720			967,400	974,720
Public Works	1,584,314	1,507,509			1,584,314	1,507,509
Parks & Recreation	762,459	658,328			762,459	658,328
Health & Welfare	21,716	20,986			21,716	20,986
Water			1,246,099	1,094,420	1,246,099	1,094,420
Wastewater			1,231,005	1,149,363	1,231,005	1,149,363
Sanitation			301,317	278,770	301,317	278,770
Interest	40,762	48,217	218,541	228,319	259,303	276,536
Total Expenses	<u>3,792,110</u>	<u>3,701,978</u>	<u>2,996,962</u>	<u>2,750,872</u>	<u>6,789,072</u>	<u>6,452,850</u>
Change in Net Position	<u>(150,370)</u>	<u>\$75,637</u>	<u>433,040</u>	<u>\$(157,552)</u>	<u>282,670</u>	<u>\$(81,915)</u>

Governmental Activities

Taxes comprise the largest source of operating revenue for the Town’s governmental activities, 2017 tax source revenue was \$2,287,396, which is 62.81% of total revenues from governmental activities. Property taxes of \$426,427 represent 18.64% of total tax revenue. Charges for services equaled \$373,699 representing 10.26% of total revenues.

The cost of governmental activities (excluding capital outlay) in 2017 was \$2,989,910 compared to \$2,813,650 in 2016, a 6.26% increase.

Expenses by Type – Governmental Activities



General Government includes Town Council, Town Administrator, Town Clerk, Finance, General Administration, Building and Planning.

Year to year changes by type of activity:

ACTIVITY	EXPENDITURES		% CHANGE
	2017	2016	
General Government	\$ 385,993	\$ 449,894	(14.20)
Public Safety	\$ 904,347	\$ 905,018	(0.07)
Public Works	\$ 696,488	\$ 669,074	4.10
Health/Welfare/Other	\$ 21,716	\$ 20,986	3.48
Parks & Recreation	\$ 801,284	\$ 585,412	36.88
Capital Outlay	\$ 562,989	\$ 1,109,301	(49.25)
Debt Service	\$ 180,082	\$ 183,266	(1.74)

Business-Type Activities (pg. 7)

Total 2017 operating revenue from the Town's business-type activities increased by \$83,041 compared to 2016; operating expenses for 2017 increased by \$255,868 compared to 2016.

Total business type net position during 2017 increased by \$757,425, mainly due to capital project grant revenue.

Fund Balance

At the end of 2017, the Town's governmental funds reported a combined fund balance of \$1,415,261 (pg. 4). This is an increase of \$206,841 compared to the prior years ending balance. Of this total balance \$753,517 is unassigned and available to finance the Town's future operations and programs; \$11,107 is prepaid non-spendable funds; \$185,000 is restricted for emergencies, \$21,454 is restricted for Conservation Trust Fund approved expenses, \$39,976 is restricted for cemetery care; \$8,250 is committed for use in operating a volunteer ambulance service *or* to maintain and enhance the municipal parks and trees (Ord. #315), \$1,976 is committed for Police training (Ord. #383 & 2007-4), \$5,494 is committed for Burning Mtn. Ave street maintenance (9/1995 SIA Agreement), \$321,487 is committed for traffic impacts (Ord. # 2002-17); \$52,000 is assigned for a solar system purchase, \$5,000 is assigned for computer hardware, and \$10,000 is assigned for vehicle-equipment replacement.

At year end the business-type activities reported total net position of \$15,104,626, an increase of \$757,425. Of this total net position \$1,259,586 is unrestricted (pg. 6).

Budgetary Highlights – General Fund – (pg. 26)

Town Council approved one supplement to the 2017 General Fund budget. The original appropriation of \$3,370,483 was increased by \$422,240 or 12.53% to \$3,792,723. The proposed supplemental budget was submitted for town council approval at \$8,420 to cover miscellaneous additional expenses in the Recreation, Building and Planning Departments, it is unknown how the amount was increased between first and second readings. The Town received \$163,489 in Mineral Lease and Severance Tax direct distributions from the state, this is \$23,489 more than was budgeted and \$6,117 more than the 2016 distribution. The original 2017 General Fund budget increased reserves by \$18,156, as of 12/31/17 the General Fund balance increased by \$330,648 for the year.

General Fund revenue for 2017 was \$320,129 over the original budget amount. This is mainly due to grants received, building permit revenue, and sales tax receipts. General Fund Expenditures for 2017 were \$7,637 more than the original budget projections mainly due to additional operating expenditures for Recreation and Building Departments.

Capital Assets and Debt Administration

At year end the Town had \$47,706,994 invested in a broad range of capital assets including land and improvements, buildings, parks and equipment, vehicles, equipment, and water and sewer plants and distribution and collection systems. This is an increase of \$36,378 or 0.08% from the 2016 year end amount.

Capital Assets at Year-End (pg. 19-20)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$15,214,000	\$15,332,000	469,741	\$469,741	15,683,741	\$15,801,741
Water Rights			516,282	516,282	516,282	516,282
Buildings and Improvements	4,295,135	3,630,247	16,140,439	14,828,536	20,435,574	18,458,783
Distributions/Collection Systems			11,166,613	11,149,728	11,166,613	11,149,728
Infrastructure	17,312,532	17,312,532			17,312,532	17,312,532
Property and Equipment	968,300	1,264,386	483,829	373,675	1,452,129	1,638,061
Construction in Process	<u>267,529</u>	<u>255,752</u>	<u>1,064,951</u>	<u>1,243,866</u>	<u>1,332,480</u>	<u>1,499,618</u>
Less Accumulated Depreciation	<u>(10,069,372)</u>	<u>(9,317,774)</u>	<u>(10,122,985)</u>	<u>(9,388,355)</u>	<u>(20,192,357)</u>	<u>(18,706,129)</u>
Total Capital Assets	<u>27,988,124</u>	<u>\$28,477,143</u>	<u>19,718,870</u>	<u>\$19,193,473</u>	<u>47,706,994</u>	<u>\$47,670,616</u>

During 2017 the Town acquired 4 new public works pickup's, completed the water treatment plant expansion, and constructed phase I of Bear Dance park. Significant capital assets added during 2017 are shown below.

Significant 2017 Capital Asset Additions

VIX Park Shelters	\$ 23,264
5 th Street Engineering (Constr. In Process)	\$ 24,867
4- Public Works Pickups	\$ 142,909
Bear Dance Park – Phase I	\$ 628,534
Water Treatment Plant Expansion	<u>\$ 1,126,086</u>
Total	<u>\$ 1,945,660</u>

Town of New Castle's Outstanding Debt (pg. 20–22)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
1999 Wastewater Loan			51,946	84,699	51,946	84,699
2004 Water Loan			527,799	546,606	527,799	546,606
2008 Wastewater Loan			5,294,085	5,636,585	5,294,085	5,636,585
Notes Payable	510,053	549,276			510,053	549,276
Capital Leases	45,325	74,661			45,325	74,661
GO Bonds, Series 2010	201,000	275,000			201,000	275,000
Accrued Absences	97,341	89,829			97,341	89,829
Total Long-term Obligations	<u>853,719</u>	<u>988,766</u>	<u>5,873,830</u>	<u>6,267,890</u>	<u>6,727,549</u>	<u>7,256,656</u>

Economic and Other Factors

The Town of New Castle's financial trend appears to be good. During 2017 the Town issued building permits for 24 single family residences and a permit for 51 senior and income restricted units owned by Lakota Ridge Senior Apartments, LLLP. Some of these apartments will be ready for occupancy before the end of 2018. The outlook for new residential construction is for a manageable moderate pace, with eight permits issued in 2018 through June 30.

The residential rental market continues to be tight. The increase in new housing units will have a positive impact on property taxes collected in future years. Another project to enhance the appearance of the down town area has been completed, Fifth Street has been rebuilt with new pavement, curb and gutter. The 2017 year end General Fund unassigned fund balance increased by \$212,008. There are positive trends in the local economy and therefore in the Town's financial outlook.

The Town continues to partner with several local trails groups and governmental entities to enhance and increase the number of hiking and bike trails in the area. During 2018 the Town anticipates completing the initial design phase of a trail that will connect New Castle to Glenwood Springs. Phase I of a new community park (Bear Dance Park) including tennis and pickleball courts was completed in 2017. The construction of phase II has begun, with completion anticipated by the fall of 2018.

During the first five months of 2018, town sales tax revenues increased 7.72% compared to the same period in 2017.

Town staffing has decreased by one to 32 full time employees, the Town also employs additional seasonal and part-time positions. The Town's full time building inspector was selected to be the Town Administrator after Administrator Baker retired on July 6th 2018. Most of the building inspections will be completed by a contract firm.

The water treatment plant up-grade and expansion which was completed in 2017 will provide more treatment capacity during high turbidity times and is also needed for the anticipated increase in population.

Financial Contact

The Town's financial statements are designed to present users (citizens, customers, investors and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about this report or need additional financial information, contact the Town's Finance Department, Attn: Finance Director, PO Box 90, 450 West Main Street, New Castle, Colorado 81647; or telephone (970) 984-2311.

BASIC FINANCIAL STATEMENTS

TOWN OF NEW CASTLE, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
			2017	2016
ASSETS				
Cash and Investments	\$ 875,066	\$ 1,238,771	\$ 2,113,837	\$ 2,728,916
Receivables				
Property Taxes	447,993	-	447,993	419,199
Sales and Other	15,982	-	15,982	26,176
Accounts	-	233,352	233,352	233,514
Due from Other Governments	607,437	-	607,437	254,266
Prepaid Expenses	11,107	-	11,107	17,554
Capital Assets, not Depreciated	15,481,529	2,050,974	17,532,503	17,817,641
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>12,506,595</u>	<u>17,667,896</u>	<u>30,174,491</u>	<u>29,852,975</u>
TOTAL ASSETS	<u>29,945,709</u>	<u>21,190,993</u>	<u>51,136,702</u>	<u>51,350,241</u>
LIABILITIES				
Accounts Payable	25,080	61,137	86,217	255,115
Accrued Expenses	34,831	67,565	102,396	117,286
Accrued Interest	3,239	83,835	87,074	83,835
Developer Escrow	34,420	-	34,420	174,152
Noncurrent Liabilities				
Due within One Year	172,506	407,269	579,775	558,158
Due in More Than One Year	<u>681,213</u>	<u>5,466,561</u>	<u>6,147,774</u>	<u>6,698,498</u>
TOTAL LIABILITIES	<u>951,289</u>	<u>6,086,367</u>	<u>7,037,656</u>	<u>7,887,044</u>
DEFERRED INFLOWS				
Deferred Property Tax Revenue	<u>447,993</u>	<u>-</u>	<u>447,993</u>	<u>419,199</u>
NET POSITION				
Investment in Capital Assets	27,206,657	13,845,040	41,051,697	40,486,212
Restricted for Emergencies	185,000	-	185,000	161,000
Restricted for Cemetery Care	39,976	-	39,976	35,402
Unrestricted	<u>1,114,794</u>	<u>1,259,586</u>	<u>2,374,380</u>	<u>2,361,384</u>
TOTAL NET POSITION	<u>\$ 28,546,427</u>	<u>\$ 15,104,626</u>	<u>\$ 43,651,053</u>	<u>\$ 43,043,998</u>

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

TOWN OF NEW CASTLE , COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 415,459	\$ 99,807	\$ -	\$ 25,000
Public Safety	967,400	22,851	-	45,000
Public Works	1,584,314	91,072	-	178,195
Health and Welfare	21,716	4,600	-	-
Parks and Recreation	762,459	155,369	-	507,955
Interest on Long-Term Debt	40,762	-	-	-
Total Governmental Activities	<u>3,792,110</u>	<u>373,699</u>	<u>-</u>	<u>756,150</u>
Business-Type Activities				
Water	1,246,099	852,569	-	754,985
Wastewater	1,231,005	1,122,967	-	356,400
Trash	301,317	287,073	-	-
Interest on Long-Term Debt	218,541	-	-	-
Total Business-Type Activities	<u>2,996,962</u>	<u>2,262,609</u>	<u>-</u>	<u>1,111,385</u>
Total Primary Government	<u>\$ 6,789,072</u>	<u>\$ 2,636,308</u>	<u>\$ -</u>	<u>\$ 1,867,535</u>

GENERAL REVENUES

Sales Taxes
Property Taxes
Specific Ownership Taxes
Franchise Taxes
Other Taxes
Interest
Developer Reimbursements
Other

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

Prior Period Adjustment

NET POSITION, Beginning, as restated

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2017	2016
\$ (290,652)	\$ -	\$ (290,652)	\$ (392,775)
(899,549)	-	(899,549)	(931,839)
(1,315,047)	-	(1,315,047)	(474,285)
(17,116)	-	(17,116)	(14,986)
(99,135)	-	(99,135)	(483,666)
(40,762)	-	(40,762)	(48,217)
<u>(2,662,261)</u>	<u>-</u>	<u>(2,662,261)</u>	<u>(2,345,768)</u>
-	361,455	361,455	32,064
-	248,362	248,362	42,458
-	(14,244)	(14,244)	(16,664)
<u>-</u>	<u>(218,541)</u>	<u>(218,541)</u>	<u>(228,319)</u>
<u>-</u>	<u>377,032</u>	<u>377,032</u>	<u>(170,461)</u>
(2,662,261)	377,032	(2,285,229)	(2,516,229)
1,451,135	-	1,451,135	1,380,243
426,427	-	426,427	428,188
33,256	-	33,256	16,169
122,541	-	122,541	116,763
254,037	-	254,037	245,396
15,428	100	15,528	10,715
34,305	-	34,305	25,729
174,762	55,908	230,670	211,111
<u>2,511,891</u>	<u>56,008</u>	<u>2,567,899</u>	<u>2,434,314</u>
(150,370)	433,040	282,670	(81,915)
<u>28,696,797</u>	<u>14,347,201</u>	<u>43,043,998</u>	<u>43,125,913</u>
<u>-</u>	<u>324,385</u>	<u>324,385</u>	<u>-</u>
<u>28,696,797</u>	<u>14,671,586</u>	<u>43,368,383</u>	<u>43,125,913</u>
<u>\$ 28,546,427</u>	<u>\$ 15,104,626</u>	<u>\$ 43,651,053</u>	<u>\$ 43,043,998</u>

TOWN OF NEW CASTLE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2017

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
			2017	2016
ASSETS				
Cash and Investments	\$ 813,462	\$ 61,604	\$ 875,066	\$ 1,168,809
Taxes Receivable	447,993	-	447,993	419,199
Due from Other Governments	607,437	-	607,437	254,266
Accounts Receivable	15,982	-	15,982	26,176
Prepaid Items	11,107	-	11,107	17,554
TOTAL ASSETS	\$ 1,895,981	\$ 61,604	\$ 1,957,585	\$ 1,886,004
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 24,906	\$ 174	\$ 25,080	\$ 38,755
Accrued Liabilities	34,831	-	34,831	45,478
Deposits and Escrow	34,420	-	34,420	174,152
TOTAL LIABILITIES	94,157	174	94,331	258,385
DEFERRED INFLOWS				
Deferred Property Taxes	447,993	-	447,993	419,199
Fund Balance				
Nonspendable	11,107	-	11,107	17,554
Restricted	185,000	61,430	246,430	346,237
Committed	337,207	-	337,207	251,120
Assigned	67,000	-	67,000	52,000
Unassigned	753,517	-	753,517	541,509
TOTAL FUND EQUITY	1,353,831	61,430	1,415,261	1,208,420
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	\$ 1,895,981	\$ 61,604		

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	27,988,124	28,477,143
Long-term liabilities are not due and payable in the current period and are not reported in the funds. This includes Bonds Payable (\$201,000), Capital Leases (\$45,325), Notes Payable (\$510,053) and Accrued Compensated Absences (\$97,341), and Accrued Interest Payable (\$3,239).	(856,958)	(988,766)
Net position of governmental activities	\$ 28,546,427	\$ 28,696,797

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

TOWN OF NEW CASTLE, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
			2017	2016
REVENUES				
Taxes	\$ 2,104,528	\$ -	\$ 2,104,528	\$ 2,010,588
Licenses and Permits	99,807	-	99,807	99,443
Intergovernmental	983,880	46,210	1,030,090	1,267,443
Charges for Services	155,369	4,600	159,969	129,631
Court	22,851	-	22,851	35,864
Developer Reimbursements	34,305	-	34,305	25,729
Sale of Assets	238,202	-	238,202	12,194
Interest	15,266	162	15,428	10,555
Miscellaneous	54,560	-	54,560	186,168
TOTAL REVENUES	<u>3,708,768</u>	<u>50,972</u>	<u>3,759,740</u>	<u>3,777,615</u>
EXPENDITURES				
General Government	385,993	-	385,993	449,894
Public Safety	904,347	-	904,347	905,018
Public Works	696,488	-	696,488	669,074
Health and Welfare	21,542	174	21,716	20,986
Parks and Recreation	626,679	174,605	801,284	585,412
Debt Service				
Principal	142,559	-	142,559	135,049
Interest	37,523	-	37,523	48,217
Capital Outlay	562,989	-	562,989	1,109,301
TOTAL EXPENDITURES	<u>3,378,120</u>	<u>174,779</u>	<u>3,552,899</u>	<u>3,922,951</u>
NET CHANGE IN FUND BALANCES	330,648	(123,807)	206,841	(145,336)
FUND BALANCES, Beginning	<u>1,023,183</u>	<u>185,237</u>	<u>1,208,420</u>	<u>1,353,756</u>
FUND BALANCES, Ending	<u>\$ 1,353,831</u>	<u>\$ 61,430</u>	<u>\$ 1,415,261</u>	<u>\$ 1,208,420</u>

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

TOWN OF NEW CASTLE, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ 206,841
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$1,065,438) and disposal of assets (\$118,000), exceeded capital outlay \$694,419 in the current period.	(489,019)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include a payments of Capital Leases of \$29,336, payments on Bonds Payable \$74,000, payments on Notes Payable \$39,223, change in Accrued Compensated Absences of (\$7,512), and change in Accrued Interest (\$3,239).	<u>131,808</u>
Change in Net Position of Governmental Activities	<u>\$ (150,370)</u>

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

TOWN OF NEW CASTLE, COLORADO

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPE
 As of December 31, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash and Investments	\$ 1,238,771	\$ 1,560,107
Accounts Receivable	<u>233,352</u>	<u>233,514</u>
Total Current Assets	<u>1,472,123</u>	<u>1,793,621</u>
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	<u>19,718,870</u>	<u>19,193,473</u>
Total Noncurrent Assets	<u>19,718,870</u>	<u>19,193,473</u>
TOTAL ASSETS	<u>21,190,993</u>	<u>20,987,094</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	61,137	216,360
Accrued Expenses	66,205	70,448
Accrued Interest Payable	83,835	83,835
Notes Payable, Current	<u>407,269</u>	<u>394,061</u>
Total Current Liabilities	<u>618,446</u>	<u>764,704</u>
Noncurrent Liabilities		
Deposits	1,360	1,360
Notes Payable, Long Term	<u>5,466,561</u>	<u>5,873,829</u>
Total Noncurrent Liabilities	<u>5,467,921</u>	<u>5,875,189</u>
TOTAL LIABILITIES	<u>6,086,367</u>	<u>6,639,893</u>
NET POSITION		
Net Investment in Capital Assets	13,845,040	12,925,583
Unrestricted	<u>1,259,586</u>	<u>1,421,618</u>
TOTAL NET POSITION	<u>\$ 15,104,626</u>	<u>\$ 14,347,201</u>

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

TOWN OF NEW CASTLE, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Water Sales	\$ 852,569	\$ 848,066
Wastewater Sales	1,122,967	1,112,555
Trash Sales	287,073	262,106
Other Revenues	<u>55,908</u>	<u>12,749</u>
TOTAL OPERATING REVENUES	<u>2,318,517</u>	<u>2,235,476</u>
OPERATING EXPENSES		
Water	1,246,099	1,094,420
Wastewater	1,231,005	1,149,363
Trash	<u>301,317</u>	<u>278,770</u>
TOTAL OPERATING EXPENSES	<u>2,778,421</u>	<u>2,522,553</u>
OPERATING LOSS	<u>(459,904)</u>	<u>(287,077)</u>
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental Grants	425,585	-
Interest Income	100	160
Interest Expense	<u>(218,541)</u>	<u>(228,319)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>207,144</u>	<u>(228,159)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(252,760)</u>	<u>(515,236)</u>
CONTRIBUTIONS AND TRANSFERS		
Capital Contributions	<u>685,800</u>	<u>357,684</u>
TOTAL CONTRIBUTIONS AND TRANSFERS	<u>685,800</u>	<u>357,684</u>
NET INCOME (LOSS)	433,040	(157,552)
NET POSITION, Beginning	14,347,201	14,504,753
Prior Period Adjustment	<u>324,385</u>	<u>-</u>
NET POSITION, Beginning, as restated	<u>14,671,586</u>	<u>14,504,753</u>
NET POSITION, Ending	<u>\$ 15,104,626</u>	<u>\$ 14,347,201</u>

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

TOWN OF NEW CASTLE, COLORADO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 Year Ended December 31, 2017

Increase (Decrease) in Cash and Cash Equivalents

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 2,318,679	\$ 2,240,432
Cash Paid to Suppliers	(1,519,821)	(1,070,301)
Cash Paid to Employees	(668,436)	(564,855)
Net Cash Provided by Operating Activities	<u>130,422</u>	<u>605,276</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Fixed Assets	(1,275,027)	(911,059)
Note Payments	(394,060)	(386,387)
Interest Payments	(218,541)	(228,319)
Intergovernmental Grants	749,970	-
Tap Fees and Capital Contributions	685,800	357,684
Net Cash Used by Capital and Related Financing Activities	<u>(451,858)</u>	<u>(1,168,081)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>100</u>	<u>160</u>
Net (Decrease) in Cash and Cash Equivalents	(321,336)	(562,645)
CASH AND CASH EQUIVALENTS, Beginning	<u>1,560,107</u>	<u>2,122,752</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,238,771</u>	<u>\$ 1,560,107</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	<u>\$ (459,904)</u>	<u>\$ (287,077)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	749,630	724,658
Changes in Assets and Liabilities		
Accounts Receivable	162	4,956
Accounts Payable	(155,223)	152,120
Accrued Expenses	(4,243)	10,619
Total Adjustments	<u>590,326</u>	<u>892,353</u>
Net Cash Provided by Operating Activities	<u>\$ 130,422</u>	<u>\$ 605,276</u>

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of New Castle, Colorado was founded in 1888. The Town is governed by a Mayor and six-member council elected by the residents.

The accounting policies of the Town of New Castle, Colorado (the “Town”) conform to generally accepted accounting principles as applicable to governments. Following is a summary of the more significant policies.

Reporting Entity

In accordance with governmental accounting standards, the Town of New Castle has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based on the application of these criteria, the Town does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary 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 activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the Town reports the following major governmental fund:

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

The Town reports the following major proprietary fund:

The *Utility Fund* accounts for the financial activities associated with the provision of water, wastewater, and trash services.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the Town reports the following fund type:

Permanent Fund – The *Cemetery Permanent Fund* accounts for the activities of the Town cemetery, including the sale of plots and maintenance.

Cash and Investments

Cash equivalents include investments with original maturities of three months or less.

Investments are recorded at fair value.

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated 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.

Property and equipment of the Town is depreciated using the straight line method over the following estimated useful lives:

Buildings and Improvements	10 - 40 years
Water and Sewer Plants	10 - 50 years
Water and Sewer Lines	10 - 50 years
Machinery and Equipment	5 - 40 years
Infrastructure	10 - 20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets 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 and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to the liabilities, the statement of financial position and balance sheets 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 and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

Employees of the Town are allowed to accumulate unused vacation time up to 320 hours or 40 days and an unlimited amount of unused sick time. Upon termination of employment from the Town, employees will be compensated for all accrued vacation time at their current pay rate. Employees are not compensated for any of their accrued sick time.

These compensated absences are recognized as current salary costs when earned in the proprietary fund types and when due in the governmental fund types. A liability has been recorded in the government-wide financial statements for the accrued compensated absences.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the 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 debt service expenditures.

Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represent assets that do not have any third party limitation on their use. While Town management may have categorized and segmented portion for various purposes, the Town Council has the unrestricted authority to revisit or alter these managerial decisions.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The Town reports Prepaid Items as nonspendable at December 31, 2017.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified the following amounts as restricted as of December 31, 2017:

Emergency Reserves	\$ 185,000
Parks and Recreation	21,454
Cemetery Care	<u>39,976</u>
Total	<u>\$ 246,430</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (Continued)

- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town has classified the following amounts as committed as of December 31, 2017:

Support of Volunteer Ambulance Service	\$ 8,250
Police Training	1,976
Burning Mountain Avenue Street Maintenance	5,494
Traffic Impacts	<u>321,487</u>
Total	<u>\$ 337,207</u>

- **Assigned** – Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by Town Council or a Town official delegated that Town by Town Charter or ordinance.

The Town has classified the following amounts as assigned as of December 31, 2017:

Solar System Purchase	\$ 52,000
Computer Hardware	5,000
Vehicle-Equipment Replacement	<u>10,000</u>
Total	<u>\$ 67,000</u>

- **Unassigned** – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Town would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

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

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to September 30, the Town staff submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

- The Town Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Town Council.
- Budgets are legally adopted for all funds of the Town. Budgets for the General, Conservation Trust, and Cemetery Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparisons presented for the Utility Fund is presented on a non-GAAP budgetary basis. Capital outlay is budgeted as an expenditure and depreciation is not budgeted.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Town Council. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations by fund.

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2017 follows:

Petty Cash	\$ 240
Cash Deposits	798,528
Investments	<u>1,315,069</u>
Total	<u>\$ 2,113,837</u>

The above amounts are classified in the statement of Net Position as follows:

Governmental Activities	\$ 875,066
Business-Type Activities	<u>1,238,771</u>
Total	<u>\$ 2,113,837</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2017, State regulatory commissioners have indicated that all financial institutions holding deposits for the Town are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Custodial Credit Risk – Deposits (Continued)

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

The Town has no policy regarding custodial credit risk for deposits.

At December 31, 2017, the Town had deposits with financial institutions with a carrying amount of \$798,528. The bank balances with the financial institutions were \$882,589. Of these balances, \$500,000 was covered by federal depository insurance and \$382,589 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Investments

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which include:

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

The above investments are authorized for all funds and fund types used by Colorado municipalities.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Local Government Investment Pools

The Town had invested \$565,050 in the Colorado Surplus Asset Fund Trust (CSAFE) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE reports its underlying investments at amortized costs and is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to \$1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

CSAFE is rated AAAM by Standard and Poor's. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are owned by the pools and held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pools. Investments of the pools comply with state statutes, consisting of U.S. Treasury bills, notes and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits and Money Market Funds. CSAFE does not have any limitations or restrictions on participant withdrawals.

The Town had invested \$750,019 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Fair Value (Continued)

The Town does not carry any additional investments subject to these fair value measurements.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2017 is summarized below:

	Balances <u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/17</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 15,332,000	\$ -	\$ 118,000	\$ 15,214,000
Construction in Progress	<u>255,752</u>	<u>24,867</u>	<u>13,090</u>	<u>267,529</u>
Total Capital Assets, not depreciated	<u>15,587,752</u>	<u>24,867</u>	<u>131,090</u>	<u>15,481,529</u>
Capital Assets, depreciated				
Buildings	3,630,247	664,888	-	4,295,135
Machinery and Equipment	1,264,386	17,754	313,840	968,300
Infrastructure	<u>17,312,532</u>	<u>-</u>	<u>-</u>	<u>17,312,532</u>
Total Capital Assets, depreciated	<u>22,207,165</u>	<u>682,642</u>	<u>313,840</u>	<u>22,575,967</u>
Less Accumulated Depreciation				
Buildings	1,660,610	123,136	-	1,783,746
Machinery and Equipment	1,031,555	74,671	-	792,386
Infrastructure	<u>6,625,609</u>	<u>867,631</u>	<u>313,840</u>	<u>7,493,240</u>
Total Accumulated Depreciation	<u>9,317,774</u>	<u>1,065,438</u>	<u>313,840</u>	<u>10,069,372</u>
Total Capital Assets, depreciated, Net	<u>12,889,391</u>	<u>(382,796)</u>	<u>-</u>	<u>12,506,595</u>
Governmental Activities, Capital Assets, Net	<u>\$ 28,477,143</u>	<u>\$ (357,929)</u>	<u>\$ (131,090)</u>	<u>\$ 27,988,124</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 4: CAPITAL ASSETS (Continued)

	Balances <u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/17</u>
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 469,741	\$ -	\$ -	\$ 469,741
Water Rights	516,282	-	-	516,282
Construction in Process	<u>1,243,866</u>	<u>6,902</u>	<u>185,817</u>	<u>1,064,951</u>
Total Capital Assets, not depreciated	<u>2,229,889</u>	<u>6,902</u>	<u>185,817</u>	<u>2,050,974</u>
Capital Assets, depreciated				
Buildings and Improvements	14,828,536	1,311,903	-	16,140,439
Distribution and Collection	11,149,728	16,885	-	11,166,613
Machinery and Equipment	<u>373,675</u>	<u>125,154</u>	<u>15,000</u>	<u>483,829</u>
Total Capital Assets, depreciated	<u>26,351,939</u>	<u>1,453,942</u>	<u>15,000</u>	<u>27,790,881</u>
Less: Accumulated Depreciation				
Buildings and Improvements	4,608,644	460,213	-	5,068,857
Distribution and Collection	4,590,841	242,038	-	4,832,879
Machinery and Equipment	<u>188,870</u>	<u>47,379</u>	<u>15,000</u>	<u>221,249</u>
Total Accumulated Depreciation	<u>9,388,355</u>	<u>749,630</u>	<u>15,000</u>	<u>10,122,985</u>
Total Capital Assets, depreciated, Net	<u>16,963,584</u>	<u>704,312</u>	<u>-</u>	<u>17,667,896</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 19,193,473</u>	<u>\$ 711,214</u>	<u>\$ (185,817)</u>	<u>\$ 19,718,870</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental Activities

General Government	\$ 21,954
Public Safety	63,053
Public Works	887,826
Parks and Recreation	<u>92,605</u>

Total **\$ 1,065,438**

Business-type Activities

Water	\$ 274,003
Sewer	<u>475,627</u>

Total **\$ 749,630**

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2017.

	Balance <u>12/31/16</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/17</u>	Due In <u>One Year</u>
GO Bonds, Series 2010	\$ 275,000	\$ -	\$ 74,000	\$ 201,000	\$ 77,000
Capital Leases	74,661	-	29,336	45,325	31,157
Notes Payable	549,276	-	39,223	510,053	40,014
Accrued Compensated Absences	<u>89,829</u>	<u>7,512</u>	<u>-</u>	<u>97,341</u>	<u>24,335</u>
Total	<u>\$ 988,766</u>	<u>\$ 7,512</u>	<u>\$ 142,559</u>	<u>\$ 853,719</u>	<u>\$ 172,506</u>

Accrued Compensated Absences are being paid from resources generated by the General Fund.

General Obligation Bonds, Series 2010

On April 8, 2010, the Town issued \$700,000 Limited Tax General Obligation Bonds, Series 2010. Proceeds of the bonds are used to pay costs related to the Town's improvements of its potable water treatment and distribution facilities. The bonds carry interest rates ranging from 3.1% to 5.4%. Semi-annual principal and interest payments are due on April 15 and October 15 through 2020.

Capital Leases

The Town has entered into several capital lease agreements to purchase equipment which will be paid from revenues of the General Fund. These leases require monthly payments of ranging from annual payments of \$7,355 to \$9,463 including interest ranging from 6.19 % to 6.24%. The leases mature from September 2018 to August 2019.

Note Payable

The Town has also obtained a line of credit in the amount of \$810,000. The original note required monthly payments of principle and interest at 5.25%. The Town refinanced this note during 2011 to obtain a lower interest rate. The new rate is 4.375% for five years. After five years, the rate changes to Prime plus 0.5% with a floor of 4.75% and a ceiling of 5.25%. All other terms of the note remain the same. The note matures in April 2028.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 5: LONG-TERM DEBT(Continued)

Future Debt Service Requirements

Annual debt service requirements for the Notes and Bonds Payable at December 31, 2017 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 117,014	\$ 31,170	\$ 148,184
2019	122,800	25,332	148,132
2020	86,666	19,050	105,716
2021	45,615	15,940	61,555
2022	47,651	13,904	61,555
2023-2027	272,124	35,653	307,777
2028	<u>19,183</u>	<u>176</u>	<u>19,359</u>
Total Debt Service Requirements	<u>\$ 711,053</u>	<u>\$ 141,225</u>	<u>\$ 852,278</u>

Following is a schedule of the future minimum lease payments required under the capital lease obligations at December 31, 2017:

<u>Year Ended December 31,</u>	
2018	\$ 33,978
2019	<u>15,052</u>
Total Minimum Lease Payments	49,030
Less: Interest	<u>(3,705)</u>
Present Value of Minimum Lease Payments	<u>\$ 45,325</u>

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2017.

	<u>Balance</u>		<u>Balance</u>	<u>Due In</u>
	<u>12/31/16</u>	<u>Additions</u>	<u>12/31/17</u>	<u>One Year</u>
1999 CWRPDA Loan	\$ 84,699	\$ -	\$ 51,946	\$ 34,243
2004 CWCB Loan	546,606	-	527,799	19,653
2008 CWRPDA Loan	<u>5,636,585</u>	<u>-</u>	<u>5,294,085</u>	<u>353,373</u>
Total	<u>\$ 6,267,890</u>	<u>\$ -</u>	<u>\$ 5,873,830</u>	<u>\$ 407,269</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 5: LONG-TERM DEBT(Continued)

Loans Payable

1999 Colorado Water Resources and Power Development Town (CWRPDA) Loan

Proceeds from this loan were used to upgrade the Town's wastewater treatment system. Principal and interest payments are due semi-annually on May 1 and November 1. Interest accrues at 4.5%. This loan matures on May 1, 2019.

2004 Colorado Water Conservation Board (CWCB) Loan

Proceeds of this loan were used for the construction of a new diversion structure and pump station on the Colorado River, and a raw water pipeline to the Town's water treatment facility. Principal and interest payments are due annually on August 1. Interest accrues at 4.5%. This loan matures on August 1, 2035.

2008 Colorado Water Resources & Power Development Town (CWRPDA) Loan

Proceeds of this loan were used for the construction of a new wastewater treatment facility and improvements to the wastewater system of the Town. Principal and interest payments are due annually on August 1. Interest accrues at 3.45%. This loan matures on August 1, 2030.

Future Debt Service Requirements

Annual debt service requirements for the outstanding loans at December 31, 2017 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 407,269	\$ 208,747	\$ 616,016
2019	397,049	198,765	595,814
2020	391,144	186,691	577,835
2021	397,547	178,269	575,816
2022	409,429	169,890	579,319
2023-2027	2,167,237	708,847	2,876,084
2028-2032	1,584,832	224,140	1,808,972
2033-2035	<u>119,323</u>	<u>10,896</u>	<u>130,219</u>
Total Debt Service Requirements	<u>\$ 5,873,830</u>	<u>\$ 1,886,245</u>	<u>\$ 7,760,075</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: RETIREMENT COMMITMENTS

Employee Pension Plan

The Town contributes to a multiple employer defined contribution retirement plan administered by the Colorado Officials and Employees Retirement Association. Every employee who is employed by the Town is eligible to participate in the Plan immediately upon hire. Both the Town and the employee contribute from three to six percent of the employee's base salary. Plan provisions are established and may be amended by Town Council. During the years ended December 31, 2016 and 2017, employer and employees contributed \$72,976 and \$76,135, respectively, equal to their required contributions.

Participants vest in employer contributions and in earnings, losses, and changes in fair market value of Plan assets at a rate of 20% for each full twelve months of participating in the Plan. Participants are immediately vested in their own contributions and earnings.

NOTE 7: PUBLIC ENTITY RISK POOL

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

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

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA.

It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of entity.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 8: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. On November 1994, voters within the Town approved the collection, retention and expenditure of State grants, all sales and use taxes and all other revenue generated by the Town in 1995 and subsequent years without limitation, notwithstanding the provisions of the Amendment.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2017, the emergency reserve of \$185,000 was recorded in the General Fund.

NOTE 9: RESTATEMENT OF BEGINNING BALANCES

The beginning net position of the Utility Fund has been restated on the financial statements to record a prior period adjustment to correct grant revenues received in the current year for the prior year. The beginning net position of \$14,347,201, as originally reported, has been increased to \$14,671,586 in both Utility Fund financial statements and the business-type activities in the Statement of Activities.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NEW CASTLE, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2017

	2017			VARIANCE	2016
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
REVENUES					
Taxes	\$ 2,020,154	\$ 2,020,154	\$ 2,104,528	\$ 84,374	\$ 2,010,588
Licenses and Permits	68,250	68,250	99,807	31,557	99,443
Intergovernmental	860,785	860,785	983,880	123,095	1,216,412
Charges for Services	120,890	120,890	155,369	34,479	123,631
Court	33,820	33,820	22,851	(10,969)	35,864
Developer Reimbursements	25,000	25,000	34,305	9,305	25,729
Interest	8,740	8,740	15,266	6,526	9,602
Sale of Assets	223,500	223,500	238,202	14,702	12,194
Miscellaneous	27,500	449,740	54,560	(395,180)	186,168
TOTAL REVENUES	<u>3,388,639</u>	<u>3,810,879</u>	<u>3,708,768</u>	<u>(102,111)</u>	<u>3,719,631</u>
EXPENDITURES					
Current					
General Government	407,388	407,388	385,993	21,395	449,894
Public Safety	933,200	933,200	904,347	28,853	905,018
Public Works	724,370	724,370	696,488	27,882	669,074
Health and Welfare	23,400	23,400	21,542	1,858	20,714
Parks and Recreation	600,020	600,020	626,679	(26,659)	580,463
Capital Outlay	517,921	940,161	562,989	377,172	1,109,301
Debt Service					
Principal	126,919	126,919	142,559	(15,640)	135,049
Interest	37,265	37,265	37,523	(258)	48,217
TOTAL EXPENDITURES	<u>3,370,483</u>	<u>3,792,723</u>	<u>3,378,120</u>	<u>414,603</u>	<u>3,917,730</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>18,156</u>	<u>18,156</u>	<u>330,648</u>	<u>312,492</u>	<u>(198,099)</u>
NET CHANGE IN FUND BALANCE	18,156	18,156	330,648	312,492	(198,099)
FUND BALANCE, Beginning	<u>967,238</u>	<u>967,238</u>	<u>1,023,183</u>	<u>55,945</u>	<u>1,221,282</u>
FUND BALANCE, Ending	<u>\$ 985,394</u>	<u>\$ 985,394</u>	<u>\$ 1,353,831</u>	<u>\$ 368,437</u>	<u>\$ 1,023,183</u>

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

TOWN OF NEW CASTLE, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2017

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTALS	
	CONSERVATION TRUST FUND	CEMETERY TRUST FUND	2017	2016
ASSETS				
Cash	\$ 21,454	\$ 40,150	\$ 61,604	\$ 185,237
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 174	\$ 174	\$ -
FUND EQUITY				
Fund Balance				
Restricted for Cemetery Care	\$ -	\$ 39,976	\$ 39,976	\$ 35,402
Restricted for Park and Recreation	21,454	-	21,454	149,835
TOTAL FUND EQUITY	21,454	39,976	61,430	185,237
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,454	\$ 40,150	\$ 61,604	\$ 185,237

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTALS	
	CONSERVATION TRUST FUND	CEMETERY TRUST FUND	2017	2016
REVENUES				
Intergovernmental	\$ 46,210	\$ -	\$ 46,210	\$ 51,031
Charges for Services	-	4,600	4,600	6,000
Interest	14	148	162	953
TOTAL REVENUES	46,224	4,748	50,972	57,984
EXPENDITURES				
Health and Welfare	-	174	174	272
Parks and Recreation	174,605	-	174,605	4,949
TOTAL EXPENDITURES	174,605	174	174,779	5,221
NET CHANGE IN FUND BALANCES	(128,381)	4,574	(123,807)	52,763
FUND BALANCES, Beginning	149,835	35,402	185,237	132,474
FUND BALANCES, Ending	<u>\$ 21,454</u>	<u>\$ 39,976</u>	<u>\$ 61,430</u>	<u>\$ 185,237</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2017

	2017			VARIANCE	2016 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Intergovernmental	\$ 44,000	\$ 44,000	\$ 46,210	\$ 2,210	\$ 51,031
Interest	12	12	14	2	13
TOTAL REVENUES	44,012	44,012	46,224	2,212	51,044
EXPENDITURES					
Parks and Recreation	158,625	174,606	174,605	1	4,949
NET CHANGE IN FUND BALANCE	(114,613)	(130,594)	(128,381)	2,213	46,095
FUND BALANCE, Beginning	123,760	123,760	149,835	26,075	103,740
FUND BALANCE, Ending	\$ 9,147	\$ (6,834)	\$ 21,454	\$ 28,288	\$ 149,835

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

CEMETERY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2017

	2017		VARIANCE Positive (Negative)	2016 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Sale of Plots	\$ 1,400	\$ 4,600	\$ 3,200	\$ 6,000
Interest and Other	70	148	78	940
TOTAL REVENUES	<u>1,470</u>	<u>4,748</u>	<u>3,278</u>	<u>6,940</u>
EXPENDITURES				
Health and Welfare	<u>4,500</u>	<u>174</u>	<u>4,326</u>	<u>272</u>
NET CHANGE IN FUND BALANCE	(3,030)	4,574	7,604	6,668
FUND BALANCE, Beginning	<u>23,836</u>	<u>35,402</u>	<u>11,566</u>	<u>28,734</u>
FUND BALANCE, Ending	<u>\$ 20,806</u>	<u>\$ 39,976</u>	<u>\$ 19,170</u>	<u>\$ 35,402</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

UTILITY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2017

	2017		VARIANCE Positive (Negative)	2016 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Water Sales	\$ 793,850	\$ 852,569	\$ 58,719	\$ 848,066
Wastewater Sales	1,118,681	1,122,967	4,286	1,112,555
Trash Sales	284,000	287,073	3,073	262,106
Intergovernmental Grants	464,554	425,585	(38,969)	-
Tap Fees and Contributions	762,000	685,800	(76,200)	357,684
Interest	125	100	(25)	160
Other Revenues	24,900	55,908	31,008	12,749
TOTAL REVENUES	3,448,110	3,430,002	(18,108)	2,593,320
EXPENDITURES				
Water	1,022,990	972,096	50,894	847,578
Wastewater	817,010	755,378	61,632	671,547
Trash	294,300	301,317	(7,017)	278,770
Debt Service	612,601	612,601	-	614,706
Capital Outlay	1,217,600	1,275,027	(57,427)	911,059
TOTAL EXPENDITURES	3,964,501	3,916,419	48,082	3,323,660
NET INCOME, Budget Basis	\$ (516,391)	(486,417)	\$ 29,974	(730,340)
GAAP BASIS ADJUSTMENTS				
Capital Outlay		1,275,027		911,059
Loan Principal Payments		394,060		386,387
Depreciation		(749,630)		(724,658)
NET INCOME, GAAP Basis		433,040		(157,552)
NET POSITION, Beginning		14,347,201		14,504,753
Prior Period Adjustment		324,385		-
NET POSITION, Beginning, as restated		14,671,586		14,504,753
NET POSITION, Ending		\$ 15,104,626		\$ 14,347,201

See the accompanying independent auditors' report.

COMPLIANCE

Steps for printing your content and returning to 'Edit Mode

1. Click Ctrl + A on a Windows machine or Command + A on a Mac to select all data.
2. Right-click your mouse and select Print.
3. Confirm that print settings are correct - make sure "selection only" isn't checked.
4. Print hard copy or to PDF.
5. Click "Edit Mode" to return to modifying your data.
6. Remember to click "Save" to save any changes.

ANNUAL HIGHWAY FINANCE REPORT - CY17

Email address:

City/County:

II - RECEIPTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Receipts from local sources

2. General Fund Appropriations:	\$	<input type="text" value="77,618.00"/>
3. Other local imposts: <i>from A.3. 'Total' below)</i>	\$	<input type="text" value="673,176.00"/>
4. Miscellaneous local receipts: <i>from A.4. 'Total' below)</i>	\$	<input type="text" value="22,003.00"/>
5. Transfers from toll facilities	\$	<input type="text" value="0.00"/>
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	<input type="text" value="0.00"/>
b. Bonds - Refunding Issues:	\$	<input type="text" value="0.00"/>
c. Notes:	\$	<input type="text" value="0.00"/>
SubTotal:	\$	<input type="text" value="772,797.00"/>

B. Private Contributions

\$

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

Please no commas or dollar signs for the input

A.3. Other local imposts

a. Property Taxes and Assessments	\$	<input type="text" value="0.00"/>
b. Other Local Imposts		
1. Sales Taxes:	\$	<input type="text" value="548,986.00"/>
2. Infrastructure and Impact Fees:	\$	<input type="text" value="90,934.00"/>

3. Liens:	\$	0.00
4. Licenses:	\$	0.00
5. Specific Ownership and/or Other:	\$	33,256.00
Total: <i>(a + b) carried to 'Other local imposts' above)</i>		\$ 673,176.00

A.4. Miscellaneous local receipts**Please no commas or dollar signs for the input**

a. Interest on Investments:	\$	29.00
b. Traffic fines & Penalties:	\$	5,054.00
c. Parking Garage Fees:	\$	0.00
d. Parking Meter Fees:	\$	0.00
e. Sale of Surplus Property:	\$	11,500.00
f. Charges for Services:	\$	0.00
g. Other Misc. Receipts:	\$	5,420.00
h. Other:	\$	0.00
Total: <i>(a through h) carried to 'Misc local receipts' above)</i>		\$ 22,003.00

C. Receipts from State Government**Please no commas or dollar signs for the input**

1. Highway User Taxes:	\$	134,625.00
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	19,379.00
d. Other (Specify):		
Comments: undefined	\$	0.00
e. Other (Specify):		
Comments: undefined	\$	0.00
Total: <i>(1+3c,d,e)</i>		\$ 154,004.00

D. Receipts from Federal Government**Please no commas or dollar signs for the input**

2. Other Federal Agencies		
a. Forest Service:	\$	0.00
b. FEMA:	\$	0.00
c. HUD:	\$	0.00
d. Federal Transit Administration:	\$	0.00
e. U.S. Corp of Engineers	\$	0.00
f. Other Federal:	\$	0.00
Total: <i>(2a-f)</i>		\$ 0.00

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Local highway disbursements

1. Capital outlay: <i>(from A.1.d. 'Total Capital Outlay' below)</i>	\$	111,516.00
2. Maintenance:	\$	215,088.00
3. Road and street services		
a. Traffic control operations:	\$	8,111.00
b. Snow and ice removal:	\$	63,241.00
c. Other:	\$	51,523.00
4. General administration & miscellaneous	\$	27,226.00
5. Highway law enforcement and safety	\$	450,096.00
Total: <i>(A.1-5)</i>	\$	926,801.00

Please no commas or dollar signs for the input

B. Debt service on local obligations

1. Bonds		
a. Interest	\$	0.00
b. Redemption	\$	0.00
2. Notes		
a. Interest	\$	0.00
b. Redemption	\$	0.00
SubTotal: <i>(1+2)</i>	\$	0.00

Please no commas or dollar signs for the input

C. Payments to State for Highways:	\$	0.00
D. Payments to Toll Facilities:	\$	0.00

Total Disbursements: *(A+B+C+D)* \$ 926,801.00

Please no commas or dollar signs for the input

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES - (Detail)

Please no commas or dollar signs for the input

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A. 1. Capital Outlay			
a. Right-Of-Way Costs:	\$ 0.00	\$ 0.00	\$ 0.00
b. Engineering Costs:	\$ 0.00	\$ 0.00	\$ 0.00
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$ 0.00
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$ 0.00
3. System Preservation:	\$ 0.00	\$ 111,516.00	\$ 111,516.00
4. System Enhancement:	\$ 0.00	\$ 0.00	\$ 0.00
5. Total Construction:			\$ 111,516.00
d. Total Capital Outlay: <i>(Lines A.1.a. + 1.b. + 1.c.5)</i>			\$ 111,516.00

IV. LOCAL HIGHWAY DEBT STATUS

Please no commas or dollar signs for the input

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
1. Bonds (Refunding Portion)		\$ 0.00	\$ 0.00	\$ 0.00
B. Notes (Total):	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

V - LOCAL ROAD AND STREET FUND BALANCE

Please no commas or dollar signs for the input

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
\$ 0.00	\$ 926,801.00	\$ 926,801.00	\$ 0.00	\$ 0.00

Notes & Comments:

undefined

Please enter your name:

Please provide a telephone number where you may be reached:

Please click on the "Save" button before viewing the data in a print format.

FORM FHWA-536e (Version 4.5) - CY17