

TOWN OF NEW CASTLE, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2012

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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, 2012, 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, 2012, 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 pages i – x and 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 financial statements and compliance 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 financial statements and compliance are fairly stated in all material respects in relation to the financial statements as a whole.

John Luttrell & Associates, LLC

July 29, 2013



Town of New Castle, Colorado
Management's Discussion and Analysis
Fiscal Year Ending December 31, 2012

This Management's Discussion and Analysis (MD&A) of the Town of New Castle's 2012 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 this 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 Assets 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 assets* presents the Town of New Castle's assets and liabilities, with the difference between the two reported as net assets. The net assets are summarized as follows: 1) invested in capital assets, 2) unrestricted or available for any current use, 3) restricted for specific use only. Over a period of time increases or decreases in the Town's net assets 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* presents data showing how the Town's net assets changed as a result of the operations of the Town government during the most recent fiscal year. All changes in net assets 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 - 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 - 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 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 assets or statement of activities, but is included in the Required Supplemental Information, Budgeted and Actual Revenues and Expenditures.

Financial Highlights

Governmental Activities

- As of December 31, 2012 the governmental funds held \$ 2,778,396 in assets that were readily convertible to cash and \$738,845 in current liabilities.
- As of December 31, 2012 the Town's governmental activities fund held \$11,156,803 in depreciated capital assets, a 5.41% decrease; and \$806,792 in capital asset liabilities, an 11.84% decrease.
- Total 2012 sales tax revenue increased 4.26% or \$48,453 compared to fiscal year 2011. The 3.5% Town sales tax revenue increased 1.99% or \$20,546 compared to 2011.
- 2012 property tax revenue decreased by 26.2% or \$164,608 compared to fiscal year 2011.
- 2012 building permit revenue decreased by 59% or \$12,252 compared to fiscal year 2011. 2012 use tax revenue decreased by 67% or \$8,071 compared to fiscal year 2011.
- 2012 lodging tax revenue increased by 4% or \$325 compared to fiscal year 2011.
- 2012 mineral lease tax revenue increased by 14.4% or \$38,039 compared to fiscal year 2011 and severance tax revenue increased by 10.5% or \$16,453.
- 2012 governmental activities salary expense decreased by 0.10% or \$1,131 compared to fiscal year 2011.
- Total governmental activities net assets decreased by 0.39% or \$105,646 during the 2012 fiscal year.

Business-type Activities

- As of December 31, 2012 total assets were \$23,230,691, a decrease of \$445,709. Cash, investments and receivables increased by \$274,415 and capital assets decreased by \$720,124.
- 2012 revenue from the water, wastewater and trash services increased by \$282,068 or 14.73% compared to fiscal year 2011.
- 2012 business-type activities salary expense decreased by 0.55% or \$2,525 compared to fiscal year 2011.

- 2012 business-type activities electric and natural gas utility expense of \$122,937 was a decrease of 10.32% or \$14,141 compared to fiscal year 2011. 2012 Water Department operations expense increased by 0.9% and the Waste Water department operations decreased by 7.9%.
- Total enterprise liabilities decreased by \$321,238 during 2012 due to decreases in long term debt.

Statement of Net Assets

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

	Governmental Activities		Business-type Activities		Total Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 2,820,869	\$ 2,685,066	\$ 2,110,420	\$ 1,836,005	\$ 4,931,289	\$ 4,521,071
Capital assets	26,613,521	26,976,082	21,120,271	21,840,395	47,733,792	48,816,477
Total assets	<u>29,434,390</u>	<u>29,661,148</u>	<u>23,230,691</u>	<u>23,676,400</u>	<u>52,665,081</u>	<u>53,337,548</u>
Long-term debt outstanding	1,411,003	1,581,192	7,757,482	8,108,674	9,168,485	9,689,866
Other liabilities	738,845	689,768	171,791	141,837	910,636	831,605
Total liabilities	<u>2,149,848</u>	<u>2,270,960</u>	<u>7,929,273</u>	<u>8,250,511</u>	<u>10,079,121</u>	<u>10,521,471</u>
Net assets:						
Invested in capital assets, net of related debt	25,268,525	25,460,897	13,362,789	13,731,721	38,631,314	39,192,618
Restricted	164,710	155,681			164,710	155,681
Unrestricted	1,851,307	1,773,610	1,938,629	1,694,168	3,789,936	3,467,778
Total net assets	<u>\$ 27,284,542</u>	<u>\$ 27,390,188</u>	<u>\$15,301,418</u>	<u>\$15,425,889</u>	<u>\$ 42,585,960</u>	<u>\$ 42,816,077</u>

The Town's total net position (assets) for fiscal year 2012 decreased by 0.54% or \$230,117. The Town's assets exceed liabilities by \$42,585,960 (net assets) as of December 31, 2012. By far the largest portion of these net assets (90.7%) 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 assets (0.39%) represents resources that are subject to various debt provisions, contracts and agreements on how they may be used. The remaining balance 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 Assets summary presentation:

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

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 invested in capital assets, net of related debt.

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 assets and increase invested in capital assets, net of debt.

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

Reduction of Capital Assets Through Depreciation – will reduce capital assets and invested in capital assets, net of debt.

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), prepaids, 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 takes into consideration the Town as a whole and reflects the change in net assets for fiscal year 2012.

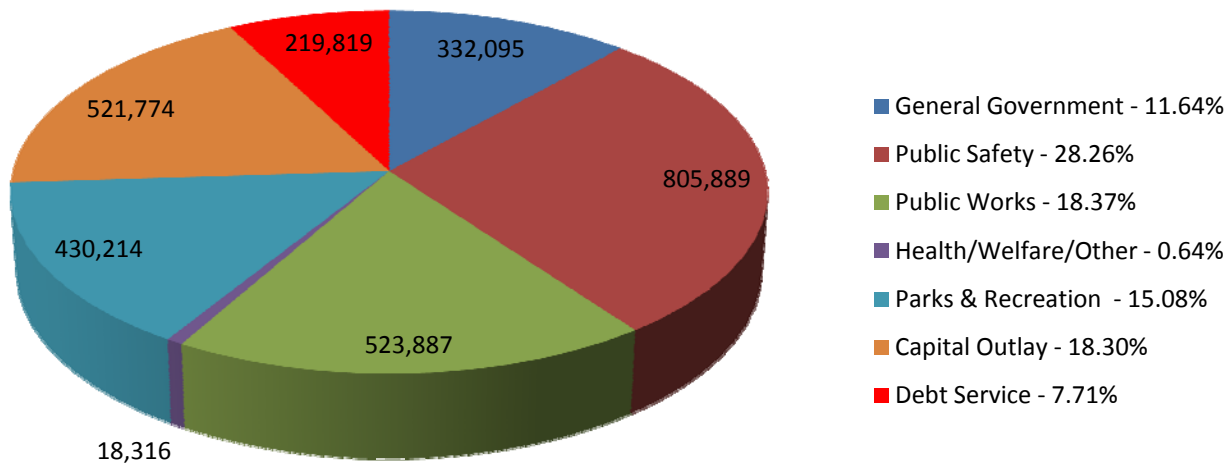
	Governmental		Business Type		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services	159,479	161,247	2,196,708	1,914,640	2,356,187	2,075,887
Operating Grants	126,522	125,798			126,522	125,798
Capital Grants	113,225	93,741	0	35,112	113,225	128,853
Total Program Revenues	<u>399,226</u>	<u>380,786</u>	<u>2,196,708</u>	<u>1,949,752</u>	<u>2,595,934</u>	<u>2,330,538</u>
General Revenues						
Sales and Use Taxes	1,187,146	1,138,693			1,187,146	1,138,693
Property Taxes	463,445	628,053			463,445	628,053
Franchise Taxes	109,298	109,257			109,298	109,257
Other Taxes	602,486	502,213			602,486	502,213
Investment Income	4,703	11,886	211	359	4,914	12,245
Developer Reimbursement	30,174	63,738			30,174	63,738
Contributed assets	118,000	0			118,000	
Other Revenues	24,242	44,270	4,331	15,575	28,573	59,845
Transfers		(10,000)		10,000		
Total General Revenues	<u>2,539,494</u>	<u>2,488,110</u>	<u>4,542</u>	<u>25,934</u>	<u>2,544,036</u>	<u>2,514,044</u>
Total Revenue	<u>2,938,720</u>	<u>2,868,896</u>	<u>2,201,250</u>	<u>1,975,686</u>	<u>5,139,970</u>	<u>4,844,582</u>
Expenses:						
General Government	359,492	347,094			359,492	347,094
Public Safety	832,863	806,300			832,863	806,300
Public Works	1,293,786	1,344,700			1,293,786	1,344,700
Parks & Recreation	488,483	467,595			488,483	467,595
Health & Welfare	18,316	9,303			18,316	9,303
Water			840,907	833,465	840,907	833,465
Wastewater			997,127	1,082,508	997,127	1,082,508
Sanitation			237,434	237,073	237,434	237,073
Interest	51,426	64,969	250,253	269,545	301,679	334,514
Total Expenses	<u>3,044,366</u>	<u>3,039,961</u>	<u>2,325,721</u>	<u>2,422,591</u>	<u>5,370,087</u>	<u>5,462,552</u>
Change in Net Assets	<u>\$(105,646)</u>	<u>\$(171,065)</u>	<u>\$(124,471)</u>	<u>\$(446,905)</u>	<u>\$(230,117)</u>	<u>\$(617,970)</u>

Governmental Activities

Taxes comprise the largest source of operating revenue for the Town’s governmental activities, 2012 tax source revenue was \$2,362,375, which is 80.39% of total revenues from governmental activities. Property taxes of \$463,445 represent 19.62% of total tax revenue. Charges for services equaled \$159,479 representing 5.43% of total revenues.

The cost of governmental activities (excluding capital outlay) in 2012 was \$2,330,220 compared to \$2,370,833 in 2011, a 1.71% decrease.

Expenses by Type – Governmental Activities



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

Year to year changes by type of activity:

ACTIVITY	EXPENDITURES		% CHANGE
	2012	2011	
General Government	\$ 332,095	\$ 330,286	0.55
Public Safety	\$ 805,889	\$ 788,630	2.19
Public Works	\$ 523,887	\$ 581,699	-9.94
Health/Welfare/Other	\$ 18,316	\$ 9,303	96.88
Parks & Recreation	\$ 430,214	\$ 426,045	0.98
Capital Outlay	\$ 521,774	\$ 90,104	579.08
Debt Service	\$ 219,819	\$ 234,870	-6.40

Business-type Activities

Total 2012 operating revenue from the Town's business-type activities increased by \$270,824 compared to 2011; operating expenses for 2012 decreased by \$77,578 compared to 2011.

Total business type net assets during 2012 decreased by \$124,471, mainly due to depreciation expense.

Fund Balance

At the end of 2012, the Town's governmental funds reported a combined fund balance of \$2,082,024. This is an increase of \$86,726 compared to the prior years ending balance. Of this total balance \$977,281 is unassigned and available to finance the Town's future operations and programs; \$42,473 is prepaid non-spendable funds; \$149,000 is restricted for emergencies, \$46,614 is restricted for Conservation Trust Fund approved expenses, \$15,710 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), \$19,139 is committed for Police training (Ord. #383 & 2007-4), \$67,769 is committed for economic development (Ord. # 2004-11), \$5,494 is committed for Burning Mtn. Ave street maintenance (9/1995 SIA Agreement), \$291,248 is committed for traffic impacts (Ord. # 2002-17), \$371,046 is committed for transfer to the Utility Fund (Ord. #2010-3); \$27,000 is assigned for a solar system purchase, \$60,000 is assigned for future construction of a new Public Safety facility, and \$1,000 is assigned for future main street enhancement projects.

At year end the business-type activities reported total net position (assets) of \$15,301,418, of which \$1,938,629 is unrestricted.

Budgetary Highlights – General Fund

Town Council approved one supplement to the 2012 General Fund budget. The original appropriation of \$2,522,552 was increased by \$623,749 or 24.73% to \$3,146,301. The supplemental budget amount was to cover the anticipated additional expense of a capital project which was not completed by year's end, a contributed asset as well as some additional operating expenses. The original 2012 budget included \$127,440 from reserves; the Town received \$475,046 in Mineral Lease and Severance Tax direct distributions from the state, this is \$268,049 more than was budgeted. Additional revenue, along with other factors, resulted in the General Fund balance increasing by \$71,657 for the year ending 12/31/2012.

General Fund revenue for 2012 was \$496,591 over the original budget amount. This is mainly due to higher Mineral Lease and Severance tax distribution revenues, a contributed asset and grants received. General Fund Expenditures for 2012 were \$297,494 more than the original budget projections mainly due to additional capital expenditures.

Capital Assets and Debt Administration

At year end the Town had \$47,733,792 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 decrease of \$1,082,685 or 2.21% from the 2011 year end amount is due to depreciation.

Capital Assets at Year-End

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$15,297,000	\$15,179,000	\$469,741	\$469,741	\$15,766,741	\$15,648,741
Water Rights			516,282	516,282	516,282	516,282
Buildings and Improvements	3,231,311	3,221,439	14,828,536	14,828,536	18,059,847	18,049,975
Distributions/Collection Systems			11,149,728	11,149,728	11,149,728	11,149,728
Infrastructure	12,648,235	12,486,116			12,648,235	12,486,116
Property and Equipment	1,063,925	990,240	242,271	220,403	1,306,196	1,210,643
Construction in Process	<u>159,718</u>	<u>1,620</u>	<u>373,084</u>	<u>373,084</u>	<u>532,802</u>	<u>374,704</u>
Less Accumulated Depreciation	<u>(5,786,668)</u>	<u>(4,902,333)</u>	<u>(6,459,371)</u>	<u>(5,717,379)</u>	<u>(12,246,039)</u>	<u>(10,619,712)</u>
Total Capital Assets	<u>\$26,613,521</u>	<u>\$26,976,082</u>	<u>\$21,120,271</u>	<u>\$21,840,395</u>	<u>\$47,733,792</u>	<u>48,816,477</u>

During 2012 the Town purchased two used 2010 police vehicles, one new mower, upgraded computer systems, and improved various town streets and trails surfaces. Significant capital assets added during 2012 are shown below.

Significant 2012 Capital Asset Additions

Two 2010 Police Vehicles	\$ 50,983
Z-Track Mower	\$ 8,729
Town Hall Flooring	\$ 9,872
Street Improvements	\$ 300,147
Trail Seal Coat	\$ 20,070
Computers	\$ 35,841
Total	<u>\$ 425,642</u>

Town of New Castle's Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
1999 Wastewater Loan			202,061	228,280	202,061	228,280
2004 Water Loan			614,076	629,168	614,076	629,168
2008 Wastewater Loan			6,941,345	7,251,226	6,941,345	7,251,226
Notes Payable	686,569	717,359			686,569	717,359
Capital Leases	120,223	197,826			120,223	197,826
GO Bonds, Series 2010	540,000	600,000			540,000	600,000
Accrued absences	64,211	66,007	-	-	64,211	66,007
Total Long-term Obligations	<u>\$1,411,003</u>	<u>\$ 1,581,192</u>	<u>\$ 7,757,482</u>	<u>\$ 8,108,674</u>	<u>\$ 9,168,485</u>	<u>\$ 9,689,866</u>

Economic and Other Factors

Although the Town of New Castle's financial trends continue to present challenges, the organization has been able to improve and expand some services to citizens. 2012 year end General Fund reserves increased by \$86,726 which allowed the Town to increase seasonal staffing for recreation, parks and streets in 2013. During the first four months of 2013, town sales tax revenues have increased 5.93% from the same period in 2012, and increased 13.60% from the same period of 2010.

The Lakota Canyon Ranch development and Golf Course were purchased by Warrior Acquisitions LLC (Warrior Custom Golf). They have started construction of a new residential unit, which is the first new residence constructed since the start of the "great recession". They have further plans to construct a permanent club house and promote the golf course.

The Town has further reduced staffing by 0.50 FTE's in 2013 to 27.5 FTEs, the Town also staffs some additional seasonal positions. The vacant Town Administrator position was filled in September 2012 by Tom Baker, who comes to the Town as an experienced western Colorado public administrator. Building inspections continue to be contracted to an outside firm.

Through efficiencies and cuts in services, the General Fund unassigned reserves have increased from \$27,480 in 2009 to \$977,281 in 2012.

The Town has received the following grants from the Garfield County Federal Mineral Lease District: 6/29/12 #12-S-05, \$273,000 for Exit 105 Safety Enhancements; 10/30/2012 #12FT-03, \$270,000 for Pedestrian (Bridge) Safety Enhancement Project; 10/30/2012 #12FM-06, \$25,000 for police vehicle acquisition; 4/17/2013 #13ST-05, \$386,550 for public sidewalk and roadway improvements; and 4/17/2013 #13-SM-05, \$25,000 for Community Center Improvements. The Bridge project is waiting for additional funding before work can commence; the police vehicle grant is completed; and work is underway on the other three grants. The Town also received a \$5,000 Associated Governments of Northwest Colorado grant to install radar speed limit street signs.

The Town's gross assessed valuation peaked for budget year 2011 at \$78,813,840 and decreased to \$53,742,040 for budget year 2013. It is anticipated that the valuation for 2014 will drop by about another 30%. The resulting drop in tax revenue will negatively impact the General Fund budget for at least the next two years. Staff is working with Council to identify areas where efficiency cuts can be made to soften the impact on services.

During 2013 the Town is celebrating its 125th anniversary with several special events. It is hoped that this will bring visitors to Town that will return to enjoy the recreational opportunities that abound in the area.

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 at: 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 ASSETS

As of December 31, 2012

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
			2012	2011
ASSETS				
Cash and Investments	\$ 1,955,514	\$ 1,859,061	\$ 3,814,575	\$ 3,470,307
Receivables				
Property Taxes	458,635	-	458,635	460,042
Sales and Other	49,329	-	49,329	48,508
Accounts	-	251,359	251,359	244,063
Due from Other Governments	314,918	-	314,918	248,874
Prepaid Expenses	42,473	-	42,473	49,277
Capital Assets, not Depreciated	15,456,718	1,359,107	16,815,825	16,539,727
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>11,156,803</u>	<u>19,761,164</u>	<u>30,917,967</u>	<u>32,276,750</u>
TOTAL ASSETS	<u>29,434,390</u>	<u>23,230,691</u>	<u>52,665,081</u>	<u>53,337,548</u>
LIABILITIES				
Accounts Payable	56,332	37,386	93,718	48,502
Accrued Expenses	36,534	50,570	87,104	84,876
Accrued Interest	-	83,835	83,835	83,835
Developer Escrow	187,344	-	187,344	154,350
Noncurrent Liabilities				
Due within One Year	185,316	358,502	543,818	537,461
Due in More Than One Year	<u>1,225,687</u>	<u>7,398,980</u>	<u>8,624,667</u>	<u>9,152,405</u>
TOTAL LIABILITIES	<u>1,691,213</u>	<u>7,929,273</u>	<u>9,620,486</u>	<u>10,061,429</u>
DEFERRED INFLOWS				
Deferred Property Tax Revenue	<u>458,635</u>	<u>-</u>	<u>458,635</u>	<u>460,042</u>
NET POSITION				
Investment in Capital Assets	25,268,525	13,362,789	38,631,314	39,192,618
Restricted for Emergencies	149,000	-	149,000	141,000
Restricted for Cemetery Care	15,710	-	15,710	14,681
Unrestricted	<u>1,851,307</u>	<u>1,938,629</u>	<u>3,789,936</u>	<u>3,467,778</u>
TOTAL NET POSITION	<u>\$ 27,284,542</u>	<u>\$ 15,301,418</u>	<u>\$ 42,585,960</u>	<u>\$ 42,816,077</u>

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

TOWN OF NEW CASTLE , COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2012

<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	\$ 359,492	\$ 26,067	\$ -	\$ -
Public Safety	832,863	60,747	-	-
Public Works	1,293,786	-	126,522	68,242
Health and Welfare	18,316	-	-	-
Parks and Recreation	488,483	72,665	-	44,983
Interest on Long-Term Debt	51,426	-	-	-
Total Governmental Activities	<u>3,044,366</u>	<u>159,479</u>	<u>126,522</u>	<u>113,225</u>
Business-Type Activities				
Water	840,907	878,051	-	-
Wastewater	997,127	1,074,737	-	-
Trash	237,434	243,920	-	-
Interest on Long-Term Debt	250,253	-	-	-
Total Business-Type Activities	<u>2,325,721</u>	<u>2,196,708</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 5,370,087</u>	<u>\$ 2,356,187</u>	<u>\$ 126,522</u>	<u>\$ 113,225</u>

GENERAL REVENUES

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

SPECIAL ITEM

Contributed Assets

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2012	2011
\$ (333,425)	\$ -	\$ (333,425)	\$ (246,160)
(772,116)	-	(772,116)	(802,056)
(1,099,022)	-	(1,099,022)	(1,160,894)
(18,316)	-	(18,316)	(9,303)
(370,835)	-	(370,835)	(375,793)
(51,426)	-	(51,426)	(64,969)
<u>(2,645,140)</u>	<u>-</u>	<u>(2,645,140)</u>	<u>(2,659,175)</u>
-	37,144	37,144	(69,585)
-	77,610	77,610	(138,622)
-	6,486	6,486	4,913
<u>-</u>	<u>(250,253)</u>	<u>(250,253)</u>	<u>(269,545)</u>
<u>-</u>	<u>(129,013)</u>	<u>(129,013)</u>	<u>(472,839)</u>
(2,645,140)	(129,013)	(2,774,153)	(3,132,014)
1,187,146	-	1,187,146	1,138,693
463,445	-	463,445	628,053
20,248	-	20,248	28,956
109,298	-	109,298	109,257
582,238	-	582,238	473,257
4,703	211	4,914	12,245
30,174	-	30,174	63,738
24,242	4,331	28,573	59,845
<u>118,000</u>	<u>-</u>	<u>118,000</u>	<u>-</u>
<u>2,539,494</u>	<u>4,542</u>	<u>2,544,036</u>	<u>2,514,044</u>
(105,646)	(124,471)	(230,117)	(617,970)
<u>27,390,188</u>	<u>15,425,889</u>	<u>42,816,077</u>	<u>43,434,047</u>
<u>\$ 27,284,542</u>	<u>\$ 15,301,418</u>	<u>\$ 42,585,960</u>	<u>\$ 42,816,077</u>

TOWN OF NEW CASTLE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2012

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
			2012	2011
ASSETS				
Cash and Investments	\$ 1,893,190	\$ 62,324	\$ 1,955,514	\$ 1,878,365
Taxes Receivable	458,635	-	458,635	460,042
Due from Other Governments	314,918	-	314,918	248,874
Accounts Receivable	49,329	-	49,329	48,508
Prepaid Expenses	42,473	-	42,473	49,277
TOTAL ASSETS	<u>\$ 2,758,545</u>	<u>\$ 62,324</u>	<u>\$ 2,820,869</u>	<u>\$ 2,685,066</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 56,332	\$ -	\$ 56,332	\$ 41,070
Accrued Expenses	36,534	-	36,534	34,306
Deposits and Escrow	187,344	-	187,344	154,350
TOTAL LIABILITIES	<u>280,210</u>	<u>-</u>	<u>280,210</u>	<u>229,726</u>
DEFERRED INFLOWS				
Deferred Revenues	<u>458,635</u>	<u>-</u>	<u>458,635</u>	<u>460,042</u>
Fund Balance				
Nonspendable	42,473	-	42,473	49,277
Restricted	149,000	62,324	211,324	188,255
Committed	762,946	-	762,946	884,968
Assigned	88,000	-	88,000	144,400
Unassigned	<u>977,281</u>	<u>-</u>	<u>977,281</u>	<u>728,398</u>
TOTAL FUND EQUITY	<u>2,019,700</u>	<u>62,324</u>	<u>2,082,024</u>	<u>1,995,298</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	<u>\$ 2,758,545</u>	<u>\$ 62,324</u>		

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.	26,613,521	26,976,082
Long-term liabilities are not due and payable in the current period and are not reported in the funds. This includes Bonds Payable (\$540,000), Capital Leases (\$120,223), Loan Payable (\$686,569) and Accrued Compensated Absences (\$64,211).	<u>(1,411,003)</u>	<u>(1,581,192)</u>
Net position of governmental activities	<u>\$ 27,284,542</u>	<u>\$ 27,390,188</u>

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, 2012

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
			2012	2011
REVENUES				
Taxes	\$ 1,804,343	\$ -	\$ 1,804,343	\$ 1,941,145
Licenses and Permits	24,067	-	24,067	32,208
Intergovernmental	752,796	44,983	797,779	657,160
Charges for Services	76,149	2,000	78,149	61,513
Court	57,263	-	57,263	67,526
Developer Reimbursements	30,174	-	30,174	63,738
Contributed Assets	118,000	-	118,000	-
Interest	4,669	34	4,703	11,886
Miscellaneous	24,242	-	24,242	70,669
TOTAL REVENUES	2,891,703	47,017	2,938,720	2,905,845
EXPENDITURES				
General Government	332,095	-	332,095	330,286
Public Safety	805,889	-	805,889	788,630
Public Works	523,887	-	523,887	581,699
Health and Welfare	17,316	1,000	18,316	9,303
Parks and Recreation	428,066	2,148	430,214	426,045
Debt Service				
Principal	168,393	-	168,393	169,901
Interest	51,426	-	51,426	64,969
Capital Outlay	492,974	28,800	521,774	90,104
TOTAL EXPENDITURES	2,820,046	31,948	2,851,994	2,460,937
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	71,657	15,069	86,726	444,908
OTHER FINANCING USES				
Transfer Out	-	-	-	(10,000)
TOTAL OTHER FINANCING USES	-	-	-	(10,000)
NET CHANGE IN FUND BALANCES	71,657	15,069	86,726	434,908
FUND BALANCES, Beginning	1,948,043	47,255	1,995,298	1,560,390
FUND BALANCES, Ending	<u>\$ 2,019,700</u>	<u>\$ 62,324</u>	<u>\$ 2,082,024</u>	<u>\$ 1,995,298</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, 2012

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 86,726
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 (\$884,335), exceeded capital outlay \$521,774 in the current period.	(362,561)
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 assets. These include a payments of Capital Leases and Notes Payable of \$77,603 and \$30,790 respectively, payments on bonds payable \$60,000, and change in Accrued Compensated Absences of \$1,796.	<u>170,189</u>
Change in Net Position of Governmental Activities	<u><u>\$ (105,646)</u></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, 2012

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets		
Cash and Investments	\$ 1,859,061	\$ 1,591,942
Accounts Receivable	<u>251,359</u>	<u>244,063</u>
Total Current Assets	<u>2,110,420</u>	<u>1,836,005</u>
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	<u>21,120,271</u>	<u>21,840,395</u>
Total Noncurrent Assets	<u>21,120,271</u>	<u>21,840,395</u>
TOTAL ASSETS	<u><u>23,230,691</u></u>	<u><u>23,676,400</u></u>
LIABILITIES		
Current Liabilities		
Accounts Payable	37,386	7,432
Accrued Expenses	49,570	49,570
Accrued Interest Payable	83,835	83,835
Notes Payable, Current	<u>358,502</u>	<u>351,192</u>
Total Current Liabilities	<u>529,293</u>	<u>492,029</u>
Noncurrent Liabilities		
Deposits	1,000	1,000
Notes Payable, Long Term	<u>7,398,980</u>	<u>7,757,482</u>
Total Noncurrent Liabilities	<u>7,399,980</u>	<u>7,758,482</u>
TOTAL LIABILITIES	<u>7,929,273</u>	<u>8,250,511</u>
NET POSITION		
Investment in Capital Assets	13,362,789	13,731,721
Unreserved	<u>1,938,629</u>	<u>1,694,168</u>
TOTAL NET POSITION	<u><u>\$ 15,301,418</u></u>	<u><u>\$ 15,425,889</u></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, 2012

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Water Sales	\$ 878,051	\$ 747,672
Wastewater Sales	1,074,737	924,982
Trash Sales	243,920	241,986
Other Revenues	<u>4,331</u>	<u>15,575</u>
TOTAL OPERATING REVENUES	<u>2,201,039</u>	<u>1,930,215</u>
OPERATING EXPENSES		
Water	840,907	833,465
Wastewater	997,127	1,082,508
Trash	<u>237,434</u>	<u>237,073</u>
TOTAL OPERATING EXPENSES	<u>2,075,468</u>	<u>2,153,046</u>
OPERATING LOSS	<u>125,571</u>	<u>(222,831)</u>
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental	-	18,904
Interest Income	211	359
Transfers In	-	10,000
Interest Expense	<u>(250,253)</u>	<u>(269,545)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(250,042)</u>	<u>(240,282)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(124,471)</u>	<u>(463,113)</u>
Capital Contributions	<u>-</u>	<u>16,208</u>
NET INCOME	(124,471)	(446,905)
NET POSITION, Beginning	<u>15,425,889</u>	<u>15,872,794</u>
NET POSITION, Ending	<u>\$ 15,301,418</u>	<u>\$ 15,425,889</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, 2012

Increase (Decrease) in Cash and Cash Equivalents

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 2,193,743	\$ 1,914,921
Cash Paid to Suppliers	(821,830)	(949,749)
Cash Paid to Employees	(481,692)	(481,692)
Net Cash Provided (Used) by Operating Activities	<u>890,221</u>	<u>483,480</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Grants Received	-	18,904
Transfer from Other Funds	-	10,000
Net Cash Provided by NonCapital and Related Financing Activities	<u>-</u>	<u>28,904</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Fixed Assets	(21,868)	(50,429)
Note Payments	(351,192)	(345,029)
Interest Payments	(250,253)	(269,545)
Tap Fees and Capital Contributions	-	16,208
Net Cash Used by Capital and Related Financing Activities	<u>(623,313)</u>	<u>(648,795)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>211</u>	<u>359</u>
Net Increase (Decrease) in Cash and Cash Equivalents	267,119	(136,052)
CASH AND CASH EQUIVALENTS, Beginning	<u>1,591,942</u>	<u>1,727,994</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,859,061</u>	<u>\$ 1,591,942</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	\$ 125,571	\$ (222,831)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	741,992	739,828
Changes in Assets and Liabilities		
Accounts Receivable	(7,296)	(15,294)
Accounts Payable	29,954	(18,223)
Accrued Expenses	-	-
Total Adjustments	<u>764,650</u>	<u>706,311</u>
Net Cash Provided by Operating Activities	<u>\$ 890,221</u>	<u>\$ 483,480</u>

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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, 2012

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, 2012

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 fair market 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, 2012

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 futures 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 192 hours 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, 2012

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. All amounts reported as nonspendable at December 31, 2012, by the Town are nonspendable in form.
- 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, 2012:

Emergency Reserves	\$ 149,000
Parks and Recreation	46,614
Cemetery Care	<u>15,710</u>
Total	<u>\$ 211,324</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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, 2012:

Support of Volunteer Ambulance Service	\$ 8,250
Street Maintenance	5,494
Police Training	19,139
Economic Development and Marketing	67,769
Infrastructure Maintenance	291,248
Potable and Raw Water System Improvements	<u>371,046</u>
Total	<u>\$ 762,946</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, 2012:

Solar System Purchase	\$ 27,000
Facility Construction	60,000
Main Street Enhancement Project	<u>1,000</u>
Total	<u>\$ 88,000</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, 2012

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.
- 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.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- 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, 2012 follows:

Petty Cash	\$ 541
Cash Deposits	2,328,968
Investments	<u>1,485,066</u>
Total	<u>\$ 3,814,575</u>

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

Governmental Activities	\$ 1,955,514
Business-Type Activities	<u>1,859,061</u>
Total	<u>\$ 3,814,575</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, 2012, 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. 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.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

At December 31, 2012, the Town had deposits with financial institutions with a carrying amount of \$2,328,968. The bank balances with the financial institutions were \$2,360,615. Of these balances, \$250,000 was covered by federal depository insurance and \$2,110,615 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.

The Town had invested \$1,485,066 in the Colorado Government Liquid Asset Trust (COLOTRUST) and the Colorado Surplus Asset Fund Trust (CSAFE), investment vehicles established for local government entities in Colorado to pool surplus funds and are registered with the State Securities Commissioner. They operate 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 rated AAA and CSAFE is rated AAAM by Standard and Poor's.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2012 is summarized below:

	<u>Balances</u> <u>12/31/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/12</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 15,179,000	\$ 118,000	\$ -	\$ 15,297,000
Construction in Progress	<u>1,620</u>	<u>158,098</u>	<u>-</u>	<u>159,718</u>
Total Capital Assets, not depreciated	<u>15,180,620</u>	<u>276,098</u>	<u>-</u>	<u>15,456,718</u>
Capital Assets, depreciated				
Buildings	3,221,439	9,872	-	3,231,311
Machinery and Equipment	990,240	73,685	-	1,063,925
Infrastructure	<u>12,486,116</u>	<u>162,119</u>	<u>-</u>	<u>12,648,235</u>
Total Capital Assets, depreciated	<u>16,697,795</u>	<u>245,676</u>	<u>-</u>	<u>16,943,471</u>
Less Accumulated Depreciation				
Buildings	1,185,207	90,588	-	1,275,795
Machinery and Equipment	703,129	156,324	-	859,453
Infrastructure	<u>3,013,997</u>	<u>637,423</u>	<u>-</u>	<u>3,651,420</u>
Total Accumulated Depreciation	<u>4,902,333</u>	<u>884,335</u>	<u>-</u>	<u>5,786,668</u>
Total Capital Assets, depreciated, Net	<u>11,795,462</u>	<u>(638,659)</u>	<u>-</u>	<u>11,156,803</u>
Governmental Activities, Capital Assets, Net	<u>\$ 26,976,082</u>	<u>\$ (362,561)</u>	<u>\$ -</u>	<u>\$ 26,613,521</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 4: CAPITAL ASSETS (Continued)

	Balances <u>12/31/11</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/12</u>
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 469,741	\$ -	\$ -	\$ 469,741
Water Rights	516,282	-	-	516,282
Construction in Process	<u>373,084</u>	<u>-</u>	<u>-</u>	<u>373,084</u>
Total Capital Assets, not depreciated	<u>1,359,107</u>	<u>-</u>	<u>-</u>	<u>1,359,107</u>
Capital Assets, depreciated				
Buildings and Improvements	14,828,536	-	-	14,828,536
Distribution and Collection	11,149,728	-	-	11,149,728
Machinery and Equipment	<u>220,403</u>	<u>21,868</u>	<u>-</u>	<u>242,271</u>
Total Capital Assets, depreciated	<u>26,198,667</u>	<u>21,868</u>	<u>-</u>	<u>26,220,535</u>
Less: Accumulated Depreciation				
Buildings and Improvements	2,782,157	454,549	-	3,236,706
Distribution and Collection	2,833,163	271,139	-	3,104,302
Machinery and Equipment	<u>102,059</u>	<u>16,304</u>	<u>-</u>	<u>118,363</u>
Total Accumulated Depreciation	<u>5,717,379</u>	<u>741,992</u>	<u>-</u>	<u>6,459,371</u>
Total Capital Assets, depreciated, Net	<u>20,481,288</u>	<u>(720,124)</u>	<u>-</u>	<u>19,761,164</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 21,840,395</u>	<u>\$ (720,124)</u>	<u>\$ -</u>	<u>\$ 21,120,271</u>

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

Governmental Activities

General Government	\$ 29,193
Public Safety	26,974
Public Works	769,899
Parks and Recreation	<u>58,269</u>

Total \$ 884,335

Business-type Activities

Water	\$ 244,857
Sewer	<u>497,135</u>

Total \$ 741,992

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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, 2012.

	Balance <u>12/31/11</u>	<u>Additions</u>	Payments	Balance <u>12/31/12</u>	Due In <u>One Year</u>
GO Bonds, Series 2010	\$ 600,000	\$ -	\$ 60,000	\$ 540,000	\$ 62,000
Capital Leases	197,826	-	77,603	120,223	75,098
Notes Payable	717,359	-	30,790	686,569	32,165
Accrued Compensated Absences	<u>66,007</u>	<u>-</u>	<u>1,796</u>	<u>64,211</u>	<u>16,053</u>
Total	<u>\$ 1,581,192</u>	<u>\$ -</u>	<u>\$ 170,189</u>	<u>\$ 1,411,003</u>	<u>\$ 185,316</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 monthly payments of \$1,362 to annual payments of \$74,072 including interest ranging from 4.5 % to 5.85%. The leases mature from October of 2011 to February 2014.

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, 2012

NOTE 5: LONG-TERM DEBT(Continued)

Future Debt Service Requirements

Following is a schedule of the future minimum lease payments required under the capital lease obligation at December 31, 2012:

Year Ended December 31,

2013	\$ 80,808
2014	<u>47,296</u>
Total Minimum Lease Payments	128,104
Less: Interest	<u>(7,881)</u>
Present Value of Minimum Lease Payments	<u>\$ 120,223</u>

Annual debt service requirements for the Notes and Bonds Payable at December 31, 2012 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 94,165	\$ 54,405	\$ 148,570
2015	98,600	50,527	148,127
2015	102,100	46,249	148,349
2016	107,667	41,621	149,288
2017	112,304	36,578	148,882
2018-2022	419,745	105,396	525,141
2023-2027	272,124	35,653	307,777
2028	<u>19,864</u>	<u>176</u>	<u>20,040</u>
Total Debt Service Requirements	<u>\$ 1,226,569</u>	<u>\$ 370,605</u>	<u>\$ 1,597,174</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2012.

	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/12</u>	<u>Due In</u> <u>One Year</u>
1999 CWRPDA Loan	\$ 228,280	\$ -	\$ 26,219	\$ 202,061	\$ 27,413
2004 CWCB Loan	629,168	-	15,092	614,076	15,771
2008 CWRPDA Loan	<u>7,251,226</u>	<u>-</u>	<u>309,881</u>	<u>6,941,345</u>	<u>315,318</u>
Total	<u>\$ 8,108,674</u>	<u>\$ -</u>	<u>\$ 351,192</u>	<u>\$ 7,757,482</u>	<u>\$ 358,502</u>

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.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 5: LONG-TERM DEBT (Continued)

Future Debt Service Requirements

Annual debt service requirements for the outstanding loans at December 31, 2012 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 358,502	\$ 255,803	\$ 614,305
2014	365,893	247,662	613,555
2015	378,813	238,064	616,877
2016	386,387	228,319	614,706
2018	394,061	218,541	612,602
2017-2021	2,002,437	942,362	2,944,799
2022-2026	2,167,237	708,847	2,876,084
2027-2031	1,584,832	224,140	1,808,972
2032-2035	<u>119,320</u>	<u>10,897</u>	<u>130,217</u>
Total Debt Service Requirements	<u>\$ 7,757,482</u>	<u>\$ 3,074,635</u>	<u>\$10,832,117</u>

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 for more than one year is eligible to participate in the Plan. 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 year ended December 31, 2012, employer and employees contributed \$55,727, 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.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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.

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, 2012, the emergency reserve of \$149,000 was recorded in the General Fund.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE 9: RELATED PARTIES

A principal in the engineering firm contracted by the Town, is the son-in-law of one of the Town council members. The Town paid approximately \$154,000 to the engineering firm for services rendered during the year.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NEW CASTLE, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2012

	2012			VARIANCE	2011 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Taxes	\$ 1,966,526	\$ 1,966,526	\$ 1,804,343	\$ (162,183)	\$ 1,941,145
Licenses and Permits	27,525	27,525	24,067	(3,458)	32,208
Intergovernmental	201,900	201,900	752,796	550,896	621,427
Charges for Services	1,375	1,375	76,149	74,774	60,313
Court	139,933	139,933	57,263	(82,670)	67,526
Developer Reimbursements	45,000	45,000	30,174	(14,826)	63,738
Interest	-	-	4,669	4,669	11,862
Contributed Assets	-	-	118,000	118,000	-
Miscellaneous	12,853	12,853	24,242	11,389	70,619
TOTAL REVENUES	<u>2,395,112</u>	<u>2,395,112</u>	<u>2,891,703</u>	<u>496,591</u>	<u>2,868,838</u>
EXPENDITURES					
Current					
General Government	354,717	402,550	332,095	70,455	330,286
Public Safety	765,325	841,246	805,889	35,357	788,630
Public Works	631,825	999,958	523,887	476,071	581,699
Health and Welfare	14,000	13,817	17,316	(3,499)	9,303
Parks and Recreation	426,760	440,805	428,066	12,739	405,678
Capital Outlay	106,000	224,000	492,974	(268,974)	90,104
Debt Service					
Principal	137,017	137,017	168,393	(31,376)	169,901
Interest	86,908	86,908	51,426	35,482	64,969
TOTAL EXPENDITURES	<u>2,522,552</u>	<u>3,146,301</u>	<u>2,820,046</u>	<u>326,255</u>	<u>2,440,570</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(127,440)</u>	<u>(751,189)</u>	<u>71,657</u>	<u>822,846</u>	<u>428,268</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Capital Lease	-	-	-	-	-
Transfer Out	-	-	-	-	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
NET CHANGE IN FUND BALANCE	(127,440)	(751,189)	71,657	822,846	418,268
FUND BALANCE, Beginning	<u>1,815,287</u>	<u>1,815,287</u>	<u>1,948,043</u>	<u>132,756</u>	<u>1,529,775</u>
FUND BALANCE, Ending	<u>\$ 1,687,847</u>	<u>\$ 1,064,098</u>	<u>\$ 2,019,700</u>	<u>\$ 955,602</u>	<u>\$ 1,948,043</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, 2012

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTALS	
	CONSERVATION TRUST FUND	CEMETERY TRUST FUND	2012	2011
ASSETS				
Cash	\$ 46,614	\$ 15,710	\$ 62,324	\$ 47,255
FUND EQUITY				
Fund Balance				
Restricted for Cemetery Care	\$ -	\$ 15,710	\$ 15,710	\$ 14,681
Restricted for Park and Recreation	46,614	-	46,614	32,574
TOTAL FUND EQUITY	46,614	15,710	62,324	47,255
TOTAL LIABILITIES AND FUND BALANCES	\$ 46,614	\$ 15,710	\$ 62,324	\$ 47,255

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, 2012

	SPECIAL	PERMANENT	TOTALS	
	REVENUE	FUND	2012	2011
	CONSERVATION	CEMETERY		
	TRUST	TRUST		
	FUND	FUND		
REVENUES				
Intergovernmental	\$ 44,983	\$ -	\$ 44,983	\$ 35,733
Charges for Services	-	2,000	2,000	1,200
Interest	5	29	34	24
Miscellaneous	-	-	-	50
TOTAL REVENUES	<u>44,988</u>	<u>2,029</u>	<u>47,017</u>	<u>37,007</u>
EXPENDITURES				
Health and Welfare	-	1,000	1,000	-
Parks and Recreation	30,948	-	30,948	20,367
TOTAL EXPENDITURES	<u>30,948</u>	<u>1,000</u>	<u>31,948</u>	<u>20,367</u>
NET CHANGE IN FUND BALANCES	14,040	1,029	15,069	16,640
FUND BALANCES, Beginning	<u>32,574</u>	<u>14,681</u>	<u>47,255</u>	<u>30,615</u>
FUND BALANCES, Ending	<u>\$ 46,614</u>	<u>\$ 15,710</u>	<u>\$ 62,324</u>	<u>\$ 47,255</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2012

	2012			VARIANCE	2011 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Intergovernmental	\$ 31,000	\$ 31,000	\$ 44,983	\$ 13,983	\$ 35,733
Interest	5	5	5	-	10
TOTAL REVENUES	<u>31,005</u>	<u>31,005</u>	<u>44,988</u>	<u>13,983</u>	<u>35,743</u>
EXPENDITURES					
Parks and Recreation	<u>30,000</u>	<u>31,500</u>	<u>30,948</u>	<u>552</u>	<u>20,367</u>
NET CHANGE IN FUND BALANCE	1,005	(495)	14,040	14,535	15,376
FUND BALANCE, Beginning	<u>24,804</u>	<u>24,804</u>	<u>32,574</u>	<u>7,770</u>	<u>17,198</u>
FUND BALANCE, Ending	<u>\$ 25,809</u>	<u>\$ 24,309</u>	<u>\$ 46,614</u>	<u>\$ 22,305</u>	<u>\$ 32,574</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

CEMETERY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2012

	2012			VARIANCE	2011 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Sale of Plots	\$ 800	\$ 800	\$ 2,000	\$ 1,200	\$ 1,200
Interest	15	15	29	14	14
Miscellaneous	-	-	-	-	50
TOTAL REVENUES	815	815	2,029	1,214	1,264
EXPENDITURES					
Health and Welfare	800	1,000	1,000	-	-
NET CHANGE IN FUND BALANCE	15	(185)	1,029	1,214	1,264
FUND BALANCE, Beginning	13,883	13,883	14,681	798	13,417
FUND BALANCE, Ending	<u>\$ 13,898</u>	<u>\$ 13,698</u>	<u>\$ 15,710</u>	<u>\$ 2,012</u>	<u>\$ 14,681</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

UTILITY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2012

	2012		VARIANCE Positive (Negative)	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Water Sales	\$ 705,068	\$ 878,051	\$ 172,983	\$ 747,672
Wastewater Sales	920,830	1,074,737	153,907	924,982
Trash Sales	243,000	243,920	920	241,986
Tap Fees and Contributions	-	-	-	16,208
Interest	-	211	211	359
Intergovernmental	-	-	-	18,904
Transfer In	-	-	-	10,000
Other Revenues	1,990	4,331	2,341	15,575
TOTAL REVENUES	<u>1,870,888</u>	<u>2,201,250</u>	<u>330,362</u>	<u>1,975,686</u>
EXPENDITURES				
Water	656,290	596,050	60,240	586,674
Wastewater	583,732	499,992	83,740	589,471
Trash	243,000	237,434	5,566	237,073
Debt Service	615,225	601,445	13,780	614,574
Capital Outlay	99,621	21,868	77,753	50,429
TOTAL EXPENDITURES	<u>2,197,868</u>	<u>1,956,789</u>	<u>241,079</u>	<u>2,078,221</u>
NET INCOME, Budget Basis	<u>\$ (326,980)</u>	244,461	<u>\$ 571,441</u>	(102,535)
GAAP BASIS ADJUSTMENTS				
Capital Outlay		21,868		50,429
Loan Principal Payments		351,192		345,029
Depreciation		(741,992)		(739,828)
NET INCOME, GAAP Basis		(124,471)		(446,905)
NET ASSETS, Beginning		<u>15,425,889</u>		<u>15,872,794</u>
NET ASSETS, Ending		<u>\$ 15,301,418</u>		<u>\$ 15,425,889</u>

See the accompanying independent auditors' report.

COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT	City or County: TOWN OF NEW CASTLE
	YEAR ENDING : December 2012
This Information From The Records Of (example - City of _ or County of) Town of New Castle	Prepared By: Lyle L Layton, Finance Director/Treasurer Phone: 970-984-2311

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	232,481
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	329,456
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	9,140
2. General fund appropriations		b. Snow and ice removal	47,514
3. Other local imposts (from page 2)	523,833	c. Other Street Lighting	52,730
4. Miscellaneous local receipts (from page 2)	54,614	d. Total (a. through c.)	109,384
5. Transfers from toll facilities		4. General administration & miscellaneous	23,519
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	409,150
a. Bonds - Original Issues		6. Total (1 through 5)	1,103,990
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	578,447	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	143,264	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	721,711	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,103,990

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
	383,910	721,711	1,103,990	1,631	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE:
	Colorado - Town of New Castle
	YEAR ENDING (mm/yy): December 2012

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	82
b. Other local imposts:		b. Traffic Fines & Penalties	14,092
1. Sales Taxes	505,683	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	18,150	g. Other Misc. Receipts	
6. Total (1. through 5.)	523,833	h. Other Grant	40,440
c. Total (a. + b.)	523,833	i. Total (a. through h.)	54,614
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	126,522	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	16,742	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.)	16,742	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	143,264	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		158,098	158,098
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		74,383	74,383
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	74,383	74,383
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	232,481	232,481
			(Carry forward to page 1)

Notes and Comments: