

**TOWN OF NEW CASTLE, COLORADO**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2020**

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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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

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

#### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of New Castle, Colorado, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

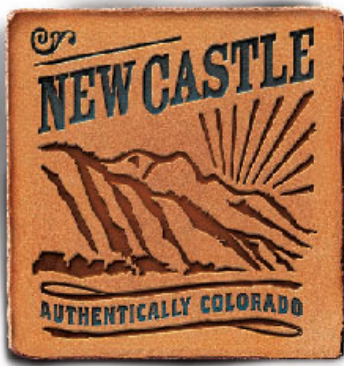
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary information on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, 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 28, 2021



**Town of New Castle, Colorado**  
**Management's Discussion and Analysis**  
Fiscal Year Ending December 31, 2020

This Management's Discussion and Analysis (MD&A) of the Town of New Castle's 2020 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 – 24 of this report.



## **Financial Highlights**

### **Governmental Activities**

- As of December 31, 2020 the governmental funds held \$ 3,448,479 in assets that were readily convertible to cash and \$351,242 in current liabilities.
- As of December 31, 2020 the Town's governmental activities fund held \$10,742,719 in depreciated capital assets, a 5.09% decrease; and \$384,803 in capital asset liabilities, a 22.50% decrease.
- Total 2020 sales tax revenue increased 20.50% or \$361,417 compared to fiscal year 2019. The 3.5% Town sales tax revenue increased 21.34% or \$338,446 compared to 2019.
- 2020 property tax revenue increased by \$28,608 or 6.33% compared to fiscal year 2019.
- 2020 building permit revenue increased by 9.70% or \$5,810 compared to fiscal year 2019. 2020 use tax revenue increased by 31.63% or \$8,724 compared to fiscal year 2019.
- 2020 lodging tax revenue decreased by 34.33% or \$6,294 compared to fiscal year 2019.
- 2020 mineral lease tax revenue decreased by 74.87% or \$136,830 compared to fiscal year 2019 and severance tax revenue decreased by 46.84% or \$44,847.
- 2020 governmental activities salary expense increased by 5.18% or \$67,790 compared to fiscal year 2019.
- Total governmental activities net position increased by 0.49% or \$139,868 during the 2020 fiscal year.

### **Business-type Activities**

- As of December 31, 2020 total assets were \$19,686,618, a decrease of 0.81% or \$158,768. Cash, investments and receivables increased by \$238,864 and capital assets decreased by \$397,582.
- 2020 revenue from the water, wastewater and trash charges for services increased by \$341,642 or 12.55% compared to fiscal year 2019.
- 2020 business-type activities salary expense increased by 2.17% or \$15,975 compared to fiscal year 2019.

## Business-type Activities (Continued)

- 2020 business-type activities electric and natural gas utility expense of \$175,640 was a decrease of 2.02% or \$3,628 compared to fiscal year 2019.
- Total enterprise liabilities decreased by \$413,340 during 2020 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 3,470,293	\$ 2,874,187	\$ 1,820,155	\$ 1,581,291	\$ 5,290,448	\$ 4,455,478
Capital assets	26,205,396	26,664,050	17,866,463	18,264,095	44,071,859	44,928,145
Total assets	<u>29,675,689</u>	<u>29,538,237</u>	<u>19,686,618</u>	<u>19,845,386</u>	<u>49,362,307</u>	<u>49,383,623</u>
Long-term debt outstanding	312,089	459,565	4,280,822	4,724,116	4,592,911	5,183,681
Other liabilities	843,092	698,032	614,428	584,474	1,457,520	1,282,506
Total liabilities	<u>1,155,181</u>	<u>1,157,597</u>	<u>4,895,250</u>	<u>5,308,590</u>	<u>6,050,431</u>	<u>6,466,187</u>
Net Position:						
Net Investment in						
Capital assets	25,892,845	26,165,125	13,188,095	13,194,584	39,080,940	39,359,709
Restricted	252,712	237,325	-	-	252,712	237,325
Unrestricted	<u>2,374,951</u>	<u>1,978,190</u>	<u>1,603,273</u>	<u>1,342,212</u>	<u>3,978,224</u>	<u>3,320,402</u>
Total net position	<u>\$ 28,520,508</u>	<u>\$ 28,380,640</u>	<u>\$ 14,791,368</u>	<u>\$ 14,536,796</u>	<u>\$ 43,311,876</u>	<u>\$ 42,917,436</u>

The Town's total net position for fiscal year 2020 increased by 0.92% or \$394,440. The Town's assets exceed liabilities by \$43,311,376 (net position) as of December 31, 2020. By far the largest portion of net position (90.23%) 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 (0.58%) represents resources that are subject to various debt provisions, contracts and agreements on how they may be used. The remaining balance of \$3,978,224 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 takes into consideration the Town as a whole and reflects the change in net position for fiscal year 2020.

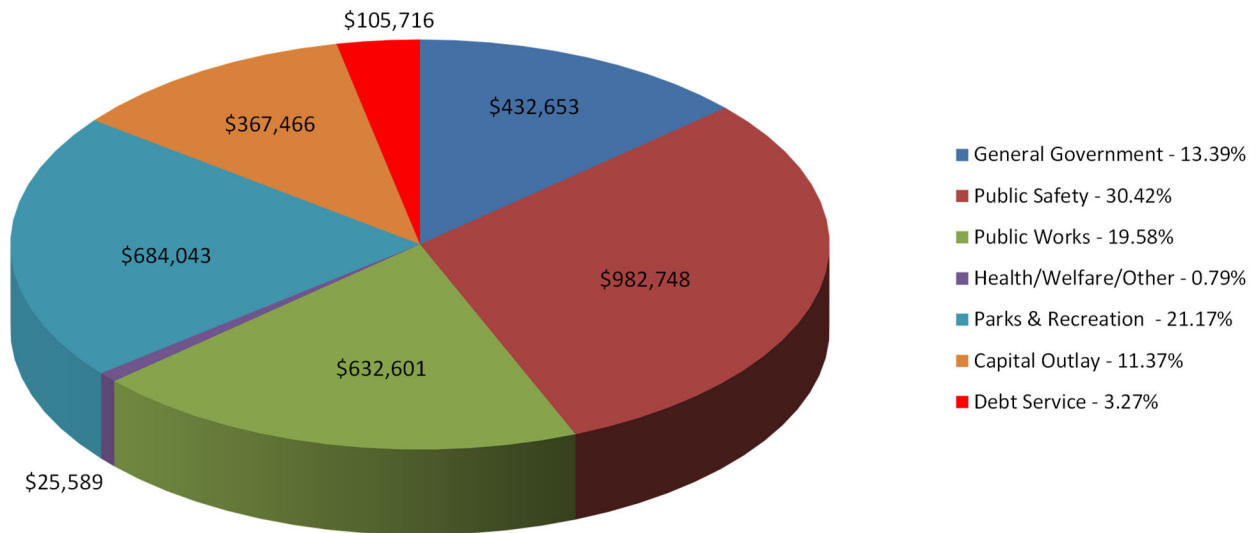
	Governmental		Business Type		Totals	
	2020	2019	2020	2019	2020	2019
<u>Revenues:</u>						
Program Revenues:						
Charges for Services	\$ 232,298	\$ 345,026	\$3,063,494	\$2,721,852	\$3,295,792	\$3,066,878
Capital Grants	303,532	419,992	81,000	236,588	384,532	656,580
Total Program Revenues	535,830	765,018	3,144,494	2,958,440	3,680,324	3,723,458
General Revenues						
Sales and Use Taxes	2,124,795	1,763,378	-	-	2,124,795	1,763,378
Property Taxes	480,200	451,592	-	-	480,200	451,592
Franchise Taxes	128,478	126,969	-	-	128,478	126,969
Other Taxes	277,597	352,310	-	-	277,597	352,310
Investment Income	14,024	29,363	69	-	14,093	29,363
Developer Reimbursement	39,544	57,014	-	-	39,544	57,014
Other Revenues	142,606	246,640	155,295	25,807	297,901	272,447
Total General Revenues	3,207,244	3,027,266	155,364	25,807	3,362,608	3,053,073
Total Revenue	3,743,074	3,792,284	3,299,858	2,984,247	7,042,932	6,776,531
<u>Expenses:</u>						
General Government	449,847	470,282			449,847	470,282
Public Safety	1,041,321	996,297			1,041,321	996,297
Public Works	1,650,768	1,458,152			1,650,768	1,458,152
Parks & Recreation	422,624	796,631			422,624	796,631
Health & Welfare	25,804	26,089			25,804	26,089
Water			1,176,248	1,200,413	1,176,248	1,200,413
Wastewater			1,162,791	1,208,470	1,162,791	1,208,470
Sanitation			519,556	338,768	519,556	338,768
Interest	12,842	24,229	186,691	198,764	199,533	222,993
Total Expenses	3,603,206	3,771,680	3,045,286	2,946,415	6,648,492	6,718,095
Change in Net Position	\$ 139,868	\$ 20,604	\$ 254,572	\$ 37,832	\$ 394,440	\$ 58,436

**Governmental Activities**

Taxes comprise the largest source of operating revenue for the Town’s governmental activities. 2020 tax source revenue was \$2,834,664, which is 74.30% of total revenues from governmental activities. Property taxes of \$481,048 represent 16.97% of total tax revenue. Charges for services equaled \$232,298 representing 7.24% of total revenues.

The cost of governmental activities (excluding capital outlay) in 2020 was \$3,140,569 compared to \$2,920,148 in 2019, a 7.55% increase.

**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:

<u>Activity</u>	<b>Expenditures</b>		
	<b>2020</b>	<b>2019</b>	<b>% Change</b>
General Government	\$ 432,653	\$ 456,027	(5.13)
Public Safety	982,748	919,334	6.90
Public Works	632,601	676,673	(6.51)
Health/Welfare/Other	25,589	26,089	(1.92)
Parks & Recreation	684,043	693,893	(1.42)
Capital Outlay	367,466	65,509	560.94
Debt Service	105,716	148,132	(28.63)

## **Business-type Activities**

Total 2020 operating revenue from the Town's business-type activities increased by \$365,530 compared to 2019; operating expenses for 2020 increased by \$110,944 compared to 2019.

Total business type net position during 2020 increased by \$254,572, mainly due to an adjustment of utility rates and addition of capital assets.

## **Fund Balance**

At the end of 2020, the Town's governmental funds reported a combined fund balance of \$2,808,311 (pg. 4). This is an increase of \$520,047 compared to the prior years ending balance. Of this total balance \$1,764,378 is unassigned and available to finance the Town's future operations and programs; \$21,814 is prepaid non-spendable funds; \$194,000 is restricted for emergencies, \$120,794 is restricted for Conservation Trust Fund approved expenses, \$58,712 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), \$326,733 is committed for traffic impacts (Ord. # 2002-17); \$52,000 is assigned for a solar system purchase, and \$10,000 is assigned for vehicle-equipment replacement.

At year end the business-type activities reported total net position of \$14,791,368, an increase of \$254,572. Of this total net position \$1,603,273 is unrestricted (pg. 6).

## **Budgetary Highlights – General Fund – (pg. 25)**

The General Fund balance was budgeted to increase by \$3,106 for 2020, the actual increase was \$476,963. This increase was largely due to robust sales tax collections which came in at \$402,262 over budget as well as overall expense savings in salaries, parks and recreation programs and special events which did not take place due to the Coronavirus pandemic. Additionally, a \$625,000 trail project that is being funded by a grant and other partners was budgeted both in revenues and expenditures. This project was delayed in 2020 and is expected to begin in 2021.

## **Capital Assets and Debt Administration**

At year end the Town had \$44,071,859 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 a net decrease of \$856,286 or 1.90% from the 2019 year end amount. 2020 capital additions totaling \$758,565 for 2020 were offset by depreciation in the amount of \$1,614,851. Significant asset additions are detailed on the next page.

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

	Governmental		Business-type		Total Government	
	2020	2019	2020	2019	2020	2019
Land	\$15,214,000	\$15,214,000	\$ 469,741	\$ 469,741	\$15,683,741	\$15,683,741
Water Rights	-	-	516,282	516,282	516,282	516,282
Buildings and Improvements	4,363,415	4,363,415	17,172,218	17,172,218	21,535,633	21,535,633
Distribution/Collection Systems	-	-	11,357,711	11,166,613	11,357,711	11,166,613
Infrastructure	18,052,126	17,789,420	-	-	18,052,126	17,789,420
Property and Equipment	1,111,392	1,021,193	757,468	631,366	1,868,860	1,652,559
Construction in Process	248,677	160,217	-	-	248,677	160,217
Less: Accumulated Depreciation	(12,784,214)	(11,884,195)	(12,406,957)	(11,692,125)	(25,191,171)	(23,576,320)
<b>Total Capital Assets</b>	<b>\$26,205,396</b>	<b>\$26,664,050</b>	<b>\$17,866,463</b>	<b>\$18,264,095</b>	<b>\$44,071,859</b>	<b>\$44,928,145</b>

During 2020 the Town built a Bulk Water Station at the Public Works Facility, completed a Street Overlay Project at Lakota Subdivision and on Castle Valley Boulevard, created an Outdoor Dining area Downtown, purchased vehicles and equipment for the Streets and Parks Departments and wastewater autosamplers for the treatment plant. Significant capital assets added during 2020 are shown below.

#### Significant 2020 Capital Asset Additions

Street Asphalt Overlay Project	\$ 262,706
Bulk Water Station	191,098
Caterpillar Backhoe	119,770
2 Chevy Trucks for Streets and Parks	80,741
Outdoor Dining Equipment for Downtown	26,267
Roller for Streets	16,720
2 Hach Autosamplers for Wastewater Plant	11,972
John Deere ZTrak Mower	9,239
<b>Total</b>	<b><u>\$ 718,513</u></b>

#### Town of New Castle's Outstanding Debt (pg. 21-23)

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
2004 Water Loan	\$ -	\$ -	\$ 466,146	\$ 487,608	\$ 466,146	\$ 487,608
2008 Wastewater Loan	-	-	4,212,222	4,581,904	4,212,222	4,581,904
Notes Payable	384,803	428,393	-	-	384,803	428,393
GO Bonds, Series 2010	-	43,000	-	-	-	43,000
Accrued Absences	108,396	99,784	-	-	108,396	99,784
<b>Total Long-term Obligations</b>	<b><u>\$ 493,199</u></b>	<b><u>\$ 571,177</u></b>	<b><u>\$ 4,678,368</u></b>	<b><u>\$ 5,069,512</u></b>	<b><u>\$ 5,171,567</u></b>	<b><u>\$ 5,640,689</u></b>

## **Economic and Other Factors**

The Town of New Castle's financial position continues to show movement in a positive direction. Similar to many small communities across the country, New Castle witnessed unusual and unforeseen economic activity during 2020. With the COVID-19 pandemic hitting full force beginning in March of 2020 the Town's business sector began to see pandemic related restrictions which had a direct economic effect on their individual business operations. For our local restaurants, the restrictions lead to temporary shutdowns, or in some cases a shift to takeout and delivery service only. For gas stations the restrictions meant a slow down in fuel sales as vacation travel and a large amount of work travel experienced a significant reduction. Liquor stores witnessed a growth in sales as Covid-related restrictions did not necessarily apply to them, and residents remained able to use their services. Lodging in area hotels and vacation rentals stopped for several months as tourism and business travel shut down. Grocery sales spiked during the peak of the Covid pandemic as residents lost their dining options and returned to eating most of their meals at home. Overall, during the heart of the 2020 pandemic months it was a rollercoaster ride of highs and lows for our local business owners.

With many local businesses struggling to remain viable the Town of New Castle joined the fight to keep our business community alive. In an effort to assist local restaurants, the town rewrote municipal code allowing for the creation of outdoor dining areas and outdoor liquor consumption in various areas along Main Street. The town assisted in programs which connected seniors and our more vulnerable residents to safer ways of purchasing food and other essentials. In partnership with the federal CARES Act, New Castle was able to provide two rounds of business assistance grants to our local brick and mortar business owners. In total, New Castle transferred over \$212,000 to our struggling business owners in an effort to help support them and keep them going during this very difficult year.

During the peak months of the pandemic (March to September 2020) Town Hall and the Town Community Center were forced to close for public gatherings. Area schools closed their doors to in person classes and worked to create online learning opportunities for their students. As rules were placed around social distancing and gathering sizes, New Castle's Recreation Department managed to recreate itself as a local hub for virtual youth programs. Despite the uncertainty brought on by the pandemic, the services provided by the Town of New Castle remained largely uninterrupted, as staff and residents learned to adopt to new technologies which made virtual communications and meetings our new reality.

New Castle's staffing levels remained constant during 2020. The Town was able to adapt to the new demands and restrictions brought on by the pandemic by reassigning staff duties, providing for remote work opportunities, making allowances for COVID related sick leave, providing personal protective equipment to staff members and the public and providing for social distancing opportunities in the work place.

In other economic news for 2020, despite the pandemic local housing prices continued to soar. Perhaps spurred by record low interest rates, buyers found themselves competing for quickly diminishing housing inventory. Builders found themselves in a position of fighting to manage rising material costs, a shortage of qualified labor, and pandemic related construction guidelines. During 2020, New Castle's Planning and Zoning Commission found themselves busy with land use applications for large community developments. While headway was made for large tracts of new development, final approvals remain pending.



Town Staff remained busy throughout 2020 with several large projects. Work to complete a Bulk Water Sales Terminal at the Public Works Facility on the west end of town was in full swing. This facility is designed and operated as a service to our outlying neighboring county residents and business owners, and as a revenue generating opportunity for the town. Work to create a new Police Evidence Garage was well underway toward the end of 2020. These projects were made possible through generous grants provided by the Garfield County Federal Mineral Leasing District. The Town also remained active in the planning of the LoVa Trail which is designed to one day connect New Castle to Glenwood Springs via a hard surface trail along the Colorado River. CDOT continued planning work for a new traffic roundabout at the intersection of Route 6 (Main Street) and Castle Valley Boulevard. Our Public Works Department continued park planning renovation work, with Burning Mountain Park and Frank Breslin Memorial Park as our targets for future park redesign and renovation. Town staff remains committed to leveraging the benefits of available grant programs and looks forward to bringing new projects online in 2021 that are made possible by grant writing efforts in 2020. These projects include: updated Police equipment, Biosolids Waste Drying Facility, guardrail replacement along County Road 335 and fence replacement along the southside Main Street alley.

Overall, through all of the interruptions provided by the year 2020, the Town of New Castle continues to see healthy economic growth. Sales tax revenues were up 21.34 % above 2019 figures. New voter approved revenues from the taxation of tobacco products provided revenues in excess of \$54,000 during 2020, and is trending much higher in 2021. Bulk water sales have provided a new revenue stream for the town. Real-estate assessments and values continue to climb in a positive direction. The potential for significant development, both residential and commercial, is becoming a reality as developers have pending land use applications. Town sponsored events which provide for a sense of community, resident involvement, and overall town pride have returned better than ever and are helping the town continue to move in the right direction.

## **BASIC FINANCIAL STATEMENTS**

TOWN OF NEW CASTLE, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
			2020	2019
<b>ASSETS</b>				
Cash and Investments	\$ 2,320,582	\$ 1,411,085	\$ 3,731,667	\$ 3,087,985
Receivables				
Property Taxes	491,850	-	491,850	480,889
Sales and Other	30,311	-	30,311	17,513
Accounts	-	328,070	328,070	311,094
Due from Other Governments	605,736	81,000	686,736	529,722
Prepaid Expenses	21,814	-	21,814	28,275
Capital Assets, not Depreciated	15,462,677	986,023	16,448,700	16,360,240
Capital Assets, Depreciated, Net of Accumulated Depreciation	10,742,719	16,880,440	27,623,159	28,567,905
<b>TOTAL ASSETS</b>	<b>29,675,689</b>	<b>19,686,618</b>	<b>49,362,307</b>	<b>49,383,623</b>
<b>LIABILITIES</b>				
Accounts Payable	150,337	69,818	220,155	127,113
Accrued Expenses	10,746	17,480	28,226	68,300
Unearned Revenues	-	-	-	15,116
Accrued Interest	-	83,835	83,835	84,332
Developer Escrow	9,049	-	9,049	4,000
Compensated Absences	108,396	45,749	154,145	-
Noncurrent Liabilities				
Due within One Year	72,714	397,546	470,260	502,756
Due in More Than One Year	312,089	4,280,822	4,592,911	5,183,681
<b>TOTAL LIABILITIES</b>	<b>663,331</b>	<b>4,895,250</b>	<b>5,558,581</b>	<b>5,985,298</b>
<b>DEFERRED INFLOWS</b>				
Deferred Property Tax Revenue	491,850	-	491,850	480,889
<b>NET POSITION</b>				
Investment in Capital Assets	25,892,845	13,188,095	39,080,940	39,359,709
Restricted for Emergencies	194,000	-	194,000	184,000
Restricted for Cemetery Care	58,712	-	58,712	53,325
Unrestricted	2,374,951	1,603,273	3,978,224	3,320,402
<b>TOTAL NET POSITION</b>	<b>\$ 28,520,508</b>	<b>\$ 14,791,368</b>	<b>\$ 43,311,876</b>	<b>\$ 42,917,436</b>

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

TOWN OF NEW CASTLE , COLORADO

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2020

<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>
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 449,847	\$ 104,937	\$ -	\$ -
Public Safety	1,041,321	15,140	-	-
Public Works	1,650,768	5,818	-	-
Health and Welfare	25,804	-	-	-
Parks and Recreation	422,624	106,403	-	303,532
Interest on Long-Term Debt	12,842	-	-	-
Total Governmental Activities	<u>3,603,206</u>	<u>232,298</u>	<u>-</u>	<u>303,532</u>
<b>Business-Type Activities</b>				
Water	1,176,248	1,105,859	81,000	-
Wastewater	1,162,791	1,441,338	-	-
Trash	519,556	516,297	-	-
Interest on Long-Term Debt	186,691	-	-	-
Total Business-Type Activities	<u>3,045,286</u>	<u>3,063,494</u>	<u>81,000</u>	<u>-</u>
Total Primary Government	<u>\$ 6,648,492</u>	<u>\$ 3,295,792</u>	<u>\$ 81,000</u>	<u>\$ 303,532</u>

GENERAL REVENUES

Sales Taxes  
Property Taxes  
Specific Ownership Taxes  
Franchise Taxes  
Other Taxes  
Interest  
Developer Reimbursements  
Other  
Gain (Loss) from Disposal  
of Capital 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	
		2020	2019
\$ (344,910)	\$ -	\$ (344,910)	\$ (333,738)
(1,026,181)	-	(1,026,181)	(977,585)
(1,644,950)	-	(1,644,950)	(1,147,633)
(25,804)	-	(25,804)	(16,889)
(12,689)	-	(12,689)	(506,588)
(12,842)	-	(12,842)	(24,229)
<u>(3,067,376)</u>	<u>-</u>	<u>(3,067,376)</u>	<u>(3,006,662)</u>
-	10,611	10,611	(369,707)
-	278,547	278,547	524,194
-	(3,259)	(3,259)	56,302
<u>-</u>	<u>(186,691)</u>	<u>(186,691)</u>	<u>(198,764)</u>
-	99,208	99,208	12,025
(3,067,376)	99,208	(2,968,168)	(2,994,637)
2,124,795	-	2,124,795	1,763,378
480,200	-	480,200	451,592
31,627	-	31,627	27,419
128,478	-	128,478	126,969
245,970	-	245,970	324,891
14,024	69	14,093	29,363
39,544	-	39,544	57,014
142,606	155,295	297,901	110,963
<u>-</u>	<u>-</u>	<u>-</u>	<u>161,484</u>
<u>3,207,244</u>	<u>155,364</u>	<u>3,362,608</u>	<u>3,053,073</u>
139,868	254,572	394,440	58,436
<u>28,380,640</u>	<u>14,536,796</u>	<u>42,917,436</u>	<u>42,859,000</u>
<u>\$ 28,520,508</u>	<u>\$ 14,791,368</u>	<u>\$ 43,311,876</u>	<u>\$ 42,917,436</u>

TOWN OF NEW CASTLE, COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2020

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
			2020	2019
<b>ASSETS</b>				
Cash and Investments	\$ 2,140,861	\$ 179,721	\$ 2,320,582	\$ 1,927,548
Taxes Receivable	491,850	-	491,850	480,889
Due from Other Governments	605,736	-	605,736	419,962
Accounts Receivable	30,311	-	30,311	17,513
Prepaid Items	21,814	-	21,814	28,275
<b>TOTAL ASSETS</b>	<b>\$ 3,290,572</b>	<b>\$ 179,721</b>	<b>\$ 3,470,293</b>	<b>\$ 2,874,187</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 150,122	\$ 215	\$ 150,337	\$ 53,142
Accrued Liabilities	10,746	-	10,746	32,776
Unearned Revenues	-	-	-	15,116
Deposits and Escrow	9,049	-	9,049	4,000
<b>TOTAL LIABILITIES</b>	<b>169,917</b>	<b>215</b>	<b>170,132</b>	<b>105,034</b>
<b>DEFERRED INFLOWS</b>				
Deferred Property Taxes	491,850	-	491,850	480,889
<b>Fund Balance</b>				
Nonspendable	21,814	-	21,814	28,275
Restricted	194,000	179,506	373,506	320,422
Committed	338,754	-	338,754	344,246
Assigned	309,859	-	309,859	62,000
Unassigned	1,764,378	-	1,764,378	1,533,321
<b>TOTAL FUND EQUITY</b>	<b>2,628,805</b>	<b>179,506</b>	<b>2,808,311</b>	<b>2,288,264</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY</b>	<b>\$ 3,290,572</b>	<b>\$ 179,721</b>		

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.	26,205,396	26,664,050
Long-term liabilities are not due and payable in the current period and are not reported in the funds. This includes Notes Payable (\$384,727) and Accrued Compensated Absences (\$108,396).	(493,199)	(571,674)
<b>Net position of governmental activities</b>	<b>\$ 28,520,508</b>	<b>\$ 28,380,640</b>

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, 2020

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
			2020	2019
REVENUES				
Taxes	\$ 2,834,664	\$ -	\$ 2,834,664	\$ 2,395,780
Licenses and Permits	77,913	-	77,913	101,058
Intergovernmental	554,991	51,935	606,926	725,856
Charges for Services	118,681	5,500	124,181	219,821
Court	12,565	-	12,565	16,572
Developer Reimbursements	39,544	-	39,544	57,014
Sale of Assets	18,102	-	18,102	248,928
Interest	14,024	162	14,186	29,543
Miscellaneous	37,295	-	37,295	85,156
TOTAL REVENUES	<u>3,707,779</u>	<u>57,597</u>	<u>3,765,376</u>	<u>3,879,728</u>
EXPENDITURES				
General Government	432,653	-	432,653	456,027
Public Safety	982,748	-	982,748	919,334
Public Works	632,601	-	632,601	676,673
Health and Welfare	25,589	215	25,804	26,089
Parks and Recreation	684,043	14,298	698,341	693,893
Debt Service				
Principal	86,590	-	86,590	122,646
Interest	19,126	-	19,126	25,486
Capital Outlay	367,466	-	367,466	65,509
TOTAL EXPENDITURES	<u>3,230,816</u>	<u>14,513</u>	<u>3,245,329</u>	<u>2,985,657</u>
NET CHANGE IN FUND BALANCES	476,963	43,084	520,047	894,071
FUND BALANCES, Beginning	<u>2,151,842</u>	<u>136,422</u>	<u>2,288,264</u>	<u>1,394,193</u>
FUND BALANCES, Ending	<u>\$ 2,628,805</u>	<u>\$ 179,506</u>	<u>\$ 2,808,311</u>	<u>\$ 2,288,264</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, 2020

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 520,047
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 (\$948,227), exceeds capital outlay \$489,573, in the current period.	(458,654)
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 on Bonds Payable \$43,000, payments on Notes Payable \$43,590, change in Accrued Compensated Absences of (\$8,612), and change in Accrued Interest \$497.	<u>78,475</u>
Change in Net Position of Governmental Activities	<u><u>\$ 139,868</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, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and Investments	\$ 1,411,085	\$ 1,160,437
Accounts Receivable	328,070	311,094
Due from Other Governments	<u>81,000</u>	<u>109,760</u>
Total Current Assets	<u>1,820,155</u>	<u>1,581,291</u>
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	<u>17,866,463</u>	<u>18,264,095</u>
Total Noncurrent Assets	<u>17,866,463</u>	<u>18,264,095</u>
TOTAL ASSETS	<u>19,686,618</u>	<u>19,845,386</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	69,818	73,971
Accrued Expenses	16,120	34,164
Accrued Interest Payable	83,835	83,835
Notes Payable, Current	<u>397,546</u>	<u>391,144</u>
Total Current Liabilities	<u>567,319</u>	<u>583,114</u>
Noncurrent Liabilities		
Deposits	1,360	1,360
Compensated Absences	45,749	45,749
Notes Payable, Long Term	<u>4,280,822</u>	<u>4,678,367</u>
Total Noncurrent Liabilities	<u>4,327,931</u>	<u>4,725,476</u>
TOTAL LIABILITIES	<u>4,895,250</u>	<u>5,308,590</u>
NET POSITION		
Net Investment in Capital Assets	13,188,095	13,194,584
Unrestricted	<u>1,603,273</u>	<u>1,342,212</u>
TOTAL NET POSITION	<u>\$ 14,791,368</u>	<u>\$ 14,536,796</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, 2020

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Water Sales	\$ 1,105,859	\$ 950,518
Wastewater Sales	1,441,338	1,376,264
Trash Sales	516,297	395,070
Other Revenues	<u>49,695</u>	<u>25,807</u>
TOTAL OPERATING REVENUES	<u>3,113,189</u>	<u>2,747,659</u>
OPERATING EXPENSES		
Water	1,176,248	1,200,413
Wastewater	1,162,791	1,208,470
Trash	<u>519,556</u>	<u>338,768</u>
TOTAL OPERATING EXPENSES	<u>2,858,595</u>	<u>2,747,651</u>
OPERATING INCOME (LOSS)	<u>254,594</u>	<u>8</u>
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental Grants	81,000	109,760
Interest Income	69	-
Interest Expense	<u>(186,691)</u>	<u>(198,764)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(105,622)</u>	<u>(89,004)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>148,972</u>	<u>(88,996)</u>
CONTRIBUTIONS AND TRANSFERS		
Capital Contributions	<u>105,600</u>	<u>126,828</u>
TOTAL CONTRIBUTIONS AND TRANSFERS	<u>105,600</u>	<u>126,828</u>
NET INCOME (LOSS)	254,572	37,832
NET POSITION, Beginning	<u>14,536,796</u>	<u>14,498,964</u>
NET POSITION, Ending	<u>\$ 14,791,368</u>	<u>\$ 14,536,796</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, 2020  
 Increase (Decrease) in Cash and Cash Equivalents

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 3,096,213	\$ 2,687,621
Cash Paid to Suppliers	(1,413,406)	(1,208,552)
Cash Paid to Employees	(752,554)	(721,752)
Net Cash Provided by Operating Activities	<u>930,253</u>	<u>757,317</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Fixed Assets	(317,200)	(163,394)
Note Payments	(391,143)	(397,050)
Interest Payments	(186,691)	(198,764)
Intergovernmental Grants	109,760	-
Tap Fees and Capital Contributions	105,600	126,828
Net Cash Used by Capital and Related Financing Activities	<u>(679,674)</u>	<u>(632,380)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>69</u>	<u>-</u>
Net (Decrease) in Cash and Cash Equivalents	250,648	124,937
CASH AND CASH EQUIVALENTS, Beginning	<u>1,160,437</u>	<u>1,035,500</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,411,085</u>	<u>\$ 1,160,437</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	<u>\$ 254,594</u>	<u>\$ 8</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	714,832	797,785
Gain on Disposal of Assets		
Changes in Assets and Liabilities		
Accounts Receivable	(16,976)	(60,038)
Accounts Payable	(4,153)	6,804
Accrued Expenses	(18,044)	12,758
Total Adjustments	<u>675,659</u>	<u>757,309</u>
Net Cash Provided by Operating Activities	<u>\$ 930,253</u>	<u>\$ 757,317</u>

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

**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, 2020

**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, 2020

**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, 2020

**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, 2020

**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, 2020.
- 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, 2020:

Emergency Reserves	\$ 194,000
Parks and Recreation	124,794
Cemetery Care	<u>58,712</u>
Total	<b><u>\$ 373,506</u></b>



TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

**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, 2020:

Support of Volunteer Ambulance Service	\$ 8,250
Police Training	1,976
Burning Mountain Avenue Street Maintenance	5,494
Traffic Impacts	<u>323,034</u>
Total	<b><u>\$ 338,754</u></b>

- **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, 2019:

Solar System Purchase	\$ 52,000
Future Capital Projects	247,859
Vehicle-Equipment Replacement	<u>10,000</u>
Total	<b><u>\$ 309,859</u></b>

- **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, 2020

**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, 2020

**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, 2020 follows:

Cash Deposits	\$ 1,823,730
Investments	<u>1,907,937</u>
Total	<b><u>\$ 3,731,667</u></b>

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

Governmental Activities	\$ 2,320,582
Business-Type Activities	<u>1,411,085</u>
Total	<b><u>\$ 3,731,667</u></b>

**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, 2020, 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, 2020

**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, 2020, the Town had deposits with financial institutions with a carrying amount of \$1,823,730. The bank balances with the financial institutions were \$1,717,683. Of these balances, \$250,000 was covered by federal depository insurance, \$1,467,683 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA) and \$80,107 were uninsured.

**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, 2020

**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

Local Government Investment Pools

The Town had invested \$1,326,233 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 \$581,704 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, 2020

**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, 2020 is summarized below:

	Balances <u>12/31/19</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/20</u>
<b>Governmental Activities</b>				
Capital Assets, not depreciated				
Land	\$ 15,214,000	\$ -	\$ -	\$ 15,214,000
Construction in Progress	<u>160,217</u>	<u>88,460</u>	<u>-</u>	<u>248,677</u>
Total Capital Assets, not depreciated	<u>15,374,217</u>	<u>88,460</u>	<u>-</u>	<u>15,462,677</u>
Capital Assets, depreciated				
Buildings	4,363,415	-	-	4,363,415
Machinery and Equipment	1,021,193	138,407	48,208	1,111,392
Infrastructure	<u>17,789,420</u>	<u>262,706</u>	<u>-</u>	<u>18,052,126</u>
Total Capital Assets, depreciated	<u>23,174,028</u>	<u>401,113</u>	<u>48,208</u>	<u>23,526,933</u>
Less Accumulated Depreciation				
Buildings	1,968,260	131,387	-	2,099,647
Machinery and Equipment	936,959	43,761	48,208	932,512
Infrastructure	<u>8,978,976</u>	<u>773,079</u>	<u>-</u>	<u>9,752,055</u>
Total Accumulated Depreciation	<u>11,884,195</u>	<u>948,227</u>	<u>48,208</u>	<u>12,784,214</u>
Total Capital Assets, depreciated, Net	<u>11,289,833</u>	<u>(547,114)</u>	<u>-</u>	<u>10,742,719</u>
Governmental Activities, Capital Assets, Net	<u>\$ 26,664,050</u>	<u>\$ (458,654)</u>	<u>\$ -</u>	<u>\$ 26,205,396</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

**NOTE 4: CAPITAL ASSETS (Continued)**

	Balances <u>12/31/19</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/20</u>
<b>Business-Type Activities</b>				
Capital Assets, not depreciated				
Land	\$ 469,741	\$ -	\$ -	\$ 469,741
Water Rights	<u>516,282</u>	-	-	<u>516,282</u>
Total Capital Assets, not depreciated	<u>986,023</u>	-	-	<u>986,023</u>
Capital Assets, depreciated				
Buildings and Improvements	17,172,218	-	-	17,172,218
Distribution and Collection	11,166,613	191,098	-	11,357,711
Machinery and Equipment	<u>631,366</u>	<u>126,102</u>	-	<u>757,468</u>
Total Capital Assets, depreciated	<u>28,970,197</u>	<u>317,200</u>	-	<u>29,287,397</u>
Less: Accumulated Depreciation				
Buildings and Improvements	6,420,746	427,604	-	6,848,350
Distribution and Collection	4,914,807	223,668	-	5,138,475
Machinery and Equipment	<u>356,572</u>	<u>63,560</u>	-	<u>420,132</u>
Total Accumulated Depreciation	<u>11,692,125</u>	<u>714,832</u>	-	<u>12,406,957</u>
Total Capital Assets, depreciated, Net	<u>17,278,072</u>	<u>397,632</u>	-	<u>16,880,440</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 18,264,095</u>	<u>\$ 397,632</u>	\$ -	<u>\$ 17,866,463</u>

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

**Governmental Activities**

General Government	\$ 17,194
Public Safety	49,961
Public Works	801,837
Parks and Recreation	<u>79,235</u>
Total	<u>\$ 948,227</u>

**Business-type Activities**

Water	\$ 276,028
Sewer	<u>438,804</u>
Total	<u>\$ 714,832</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

**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, 2020.

	<u>Balance</u> <u>12/31/19</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/20</u>	<u>Due In</u> <u>One Year</u>
GO Bonds, Series 2010	\$ 43,000	\$ -	\$ 43,000	\$ -	\$ -
Notes Payable	428,393	-	43,590	384,803	45,615
Accrued Compensated Absences	<u>99,784</u>	<u>8,612</u>	<u>-</u>	<u>108,396</u>	<u>27,099</u>
Total	<u>\$ 571,177</u>	<u>\$ 8,612</u>	<u>\$ 86,590</u>	<u>\$ 493,199</u>	<u>\$ 72,714</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.

**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, 2020

**NOTE 5: LONG-TERM DEBT**(Continued)

**Future Debt Service Requirements**

Annual debt service requirements for the Notes and Bonds Payable at December 31, 2020 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 45,615	\$ 15,940	\$ 61,555
2022	47,651	13,904	61,555
2023	49,778	11,777	61,555
2024	52,000	9,555	61,555
2025	54,321	7,234	61,555
2026 – 2028	<u>135,438</u>	<u>7,262</u>	<u>142,700</u>
<b>Total Debt Service Requirements</b>	<b><u>\$ 384,803</u></b>	<b><u>\$ 65,673</u></b>	<b><u>\$ 450,476</u></b>

**Business-Type Activities**

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2020.

	<u>Balance</u> <u>12/31/19</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/20</u>	<u>Due In</u> <u>One Year</u>
2004 CWCB Loan	\$ 487,608	\$ -	\$ 21,462	\$ 466,146	\$ 22,428
2008 CWRPDA Loan	<u>4,581,904</u>	<u>-</u>	<u>369,682</u>	<u>4,212,222</u>	<u>375,118</u>
Total	<b><u>\$ 5,069,512</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 391,144</u></b>	<b><u>\$ 4,678,368</u></b>	<b><u>\$ 397,546</u></b>

**Loans Payable**

**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, 2020

**NOTE 5: LONG-TERM DEBT**(Continued)

**Future Debt Service Requirements**

Annual debt service requirements for the outstanding loans at December 31, 2019 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 397,547	\$ 178,269	\$ 575,816
2022	409,429	169,890	579,319
2023	415,919	160,979	576,898
2024	422,459	151,765	574,224
2025	434,483	142,286	576,768
2026-2030	2,407,983	462,377	2,870,360
2031-2035	<u>190,550</u>	<u>26,477</u>	<u>217,027</u>
<b>Total Debt Service Requirements</b>	<b><u>\$ 4,678,368</u></b>	<b><u>\$ 1,677,498</u></b>	<b><u>\$ 7,144,059</u></b>

**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, 2019 and 2020, employer and employees contributed \$76,135 and \$80,715, respectively, equal to their required contribution

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).

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

**NOTE 7: PUBLIC ENTITY RISK POOL** (Continued)

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 AN 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, 2020, the emergency reserve of \$194,000 was recorded in the General Fund

**NOTE 9: SUBSEQUENT EVENTS**

Potential subsequent events were considered through July 1, 2020. It was determined that the following event is required to be disclosed through this date.

**REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF NEW CASTLE, COLORADO

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2020

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2019 ACTUAL
<b>REVENUES</b>				
Taxes	\$ 2,375,556	\$ 2,834,664	\$ 459,108	\$ 2,395,780
Licenses and Permits	74,600	77,913	3,313	101,058
Intergovernmental	993,344	554,991	(438,353)	670,626
Charges for Services	184,240	118,681	(65,559)	210,621
Court	14,900	12,565	(2,335)	16,572
Developer Reimbursements	30,000	39,544	9,544	57,014
Interest	26,500	14,024	(12,476)	29,175
Sale of Assets	21,300	18,102	(3,198)	248,928
Miscellaneous	33,450	37,295	3,845	85,156
<b>TOTAL REVENUES</b>	<u>3,753,890</u>	<u>3,707,779</u>	<u>(46,111)</u>	<u>3,814,930</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	1,120,913	432,653	688,260	456,027
Public Safety	1,009,755	982,748	27,007	919,334
Public Works	767,424	632,601	134,823	676,673
Health and Welfare	30,000	25,589	4,411	23,584
Parks and Recreation	716,968	684,043	32,925	684,730
Capital Outlay	-	367,466	(367,466)	65,509
Debt Service				
Principal	86,200	86,590	(390)	122,646
Interest	19,524	19,126	398	25,486
<b>TOTAL EXPENDITURES</b>	<u>3,750,784</u>	<u>3,230,816</u>	<u>519,968</u>	<u>2,973,989</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,106</u>	<u>476,963</u>	<u>473,857</u>	<u>840,941</u>
<b>NET CHANGE IN FUND BALANCE</b>	3,106	476,963	473,857	840,941
<b>FUND BALANCE, Beginning</b>	<u>1,714,241</u>	<u>2,151,842</u>	<u>437,601</u>	<u>1,310,901</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,717,347</u>	<u>\$ 2,628,805</u>	<u>\$ 911,458</u>	<u>\$ 2,151,842</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, 2020

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTALS	
	CONSERVATION TRUST FUND	CEMETERY TRUST FUND	2020	2019
ASSETS				
Cash	\$ 120,794	\$ 58,927	\$ 179,721	\$ 136,709
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 215	\$ 215	\$ 287
FUND EQUITY				
Fund Balance				
Restricted for Cemetery Care	\$ -	\$ 58,712	\$ 58,712	\$ 53,325
Restricted for Park and Recreation	120,794	-	120,794	83,097
TOTAL FUND EQUITY	120,794	58,712	179,506	136,422
TOTAL LIABILITIES AND FUND BALANCES	\$ 120,794	\$ 58,927	\$ 179,721	\$ 136,709

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, 2020

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTALS	
	CONSERVATION TRUST FUND	CEMETERY TRUST FUND	2020	2019
REVENUES				
Intergovernmental	\$ 51,935	\$ -	\$ 51,935	\$ 55,230
Charges for Services	-	5,500	5,500	9,200
Interest	60	102	162	368
<b>TOTAL REVENUES</b>	<b>51,995</b>	<b>5,602</b>	<b>57,597</b>	<b>64,798</b>
EXPENDITURES				
Health and Welfare	-	215	215	2,505
Parks and Recreation	14,298	-	14,298	9,163
<b>TOTAL EXPENDITURES</b>	<b>14,298</b>	<b>215</b>	<b>14,513</b>	<b>11,668</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>37,697</b>	<b>5,387</b>	<b>43,084</b>	<b>53,130</b>
FUND BALANCES, Beginning	83,097	53,325	136,422	83,292
FUND BALANCES, Ending	<u>\$ 120,794</u>	<u>\$ 58,712</u>	<u>\$ 179,506</u>	<u>\$ 136,422</u>

See the accompanying independent auditors' report.



TOWN OF NEW CASTLE, COLORADO

CONSERVATION TRUST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2020

	2020			VARIANCE Positive (Negative)	2019 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Intergovernmental	\$ 40,000	\$ 40,000	\$ 51,935	\$ 11,935	\$ 55,230
Interest	40	40	60	20	47
TOTAL REVENUES	<u>40,040</u>	<u>40,040</u>	<u>51,995</u>	<u>11,955</u>	<u>55,277</u>
EXPENDITURES					
Parks and Recreation	<u>14,000</u>	<u>19,500</u>	<u>14,298</u>	<u>5,202</u>	<u>9,163</u>
NET CHANGE IN FUND BALANCE	26,040	20,540	37,697	17,157	46,114
FUND BALANCE, Beginning	<u>81,295</u>	<u>81,295</u>	<u>83,097</u>	<u>1,802</u>	<u>36,983</u>
FUND BALANCE, Ending	<u>\$ 107,335</u>	<u>\$ 101,835</u>	<u>\$ 120,794</u>	<u>\$ 18,959</u>	<u>\$ 83,097</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

CEMETERY FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2020

	2020			VARIANCE	2019
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
REVENUES					
Sale of Plots	\$ 3,000	\$ 3,000	\$ 5,500	\$ 2,500	\$ 9,200
Interest and Other	300	300	102	(198)	321
TOTAL REVENUES	<u>3,300</u>	<u>3,300</u>	<u>5,602</u>	<u>2,302</u>	<u>9,521</u>
EXPENDITURES					
Health and Welfare	<u>2,000</u>	<u>2,600</u>	<u>215</u>	<u>2,385</u>	<u>2,505</u>
NET CHANGE IN FUND BALANCE	1,300	700	5,387	4,687	7,016
FUND BALANCE, Beginning	<u>38,941</u>	<u>38,941</u>	<u>53,325</u>	<u>14,384</u>	<u>46,309</u>
FUND BALANCE, Ending	<u>\$ 40,241</u>	<u>\$ 39,641</u>	<u>\$ 58,712</u>	<u>\$ 19,071</u>	<u>\$ 53,325</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

UTILITY FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2020

	2020			VARIANCE Positive (Negative)	2019 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Water Sales	\$ 1,025,709	\$ 1,105,429	\$ 1,105,859	\$ 430	\$ 950,518
Wastewater Sales	1,434,843	1,440,013	1,441,338	1,325	1,376,264
Trash Sales	519,294	516,079	516,297	218	395,070
Intergovernmental Grants	66,872	81,000	81,000	-	109,760
Tap Fees and Contributions	216,000	105,600	105,600	-	126,828
Interest	200	200	69	(131)	-
Other Revenues	2,200	49,655	49,695	40	25,807
<b>TOTAL REVENUES</b>	<b>3,265,118</b>	<b>3,297,976</b>	<b>3,299,858</b>	<b>1,882</b>	<b>2,984,247</b>
EXPENDITURES					
Water	1,069,391	989,345	890,315	99,030	881,299
Wastewater	1,375,265	878,613	733,892	144,721	729,799
Trash	514,969	520,900	519,556	1,344	338,768
Debt Service	-	577,837	577,835	2	595,814
Capital Outlay	184,810	218,080	317,200	(99,120)	163,394
<b>TOTAL EXPENDITURES</b>	<b>3,144,435</b>	<b>3,184,775</b>	<b>3,038,798</b>	<b>145,977</b>	<b>2,709,074</b>
<b>NET INCOME, Budget Basis</b>	<b>\$ 120,683</b>	<b>\$ 113,201</b>	<b>261,060</b>	<b>\$ 147,859</b>	<b>275,173</b>
GAAP BASIS ADJUSTMENTS					
Capital Outlay			317,200		163,394
Loan Principal Payments			391,144		397,050
Depreciation			(714,832)		(797,785)
<b>NET INCOME, GAAP Basis</b>			<b>254,572</b>		<b>37,832</b>
<b>NET POSITION, Beginning</b>			<b>14,536,796</b>		<b>14,498,964</b>
<b>NET POSITION, Ending</b>			<b>\$ 14,791,368</b>		<b>\$ 14,536,796</b>

See the accompanying independent auditors' report.

## **COMPLIANCE**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Town of New Castle
This Information From The Records Of Town of New Castle:		YEAR ENDING : December 2020
Prepared By: Phone:		Loni Burk (970) 984-2311, x113

**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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	96,641
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	546,892
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	28,712
2. General fund appropriations	169,901	b. Snow and ice removal	63,188
3. Other local imposts (from page 2)	753,618	c. Other	50,349
4. Miscellaneous local receipts (from page 2)	210,461	d. Total (a. through c.)	142,249
5. Transfers from toll facilities		4. General administration & miscellaneous	23,766
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	469,241
a. Bonds - Original Issues		6. Total (1 through 5)	1,278,789
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,133,980	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	144,809	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	1,278,789	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	1,278,789

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,278,789	1,278,789		0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2020	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	0	a. Interest on investments	32
b. Other local imposts:		b. Traffic Fines & Penalties	2,391
1. Sales Taxes	720,196	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	1,795	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	4,200
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	31,627	g. Other Misc. Receipts	3,838
6. Total (1. through 5.)	753,618	h. Other	200,000
c. Total (a. + b.)	753,618	i. Total (a. through h.)	210,461
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	125,508	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	19,301	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.)	19,301	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	144,809	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		94,781	94,781
(4). System Enhancement & Operation		1,860	1,860
(5). Total Construction (1) + (2) + (3) + (4)		0	96,641
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	96,641
			(Carry forward to page 1)
<b>Notes and Comments:</b>			