

TOWN OF NEW CASTLE, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2018

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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, 2018, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

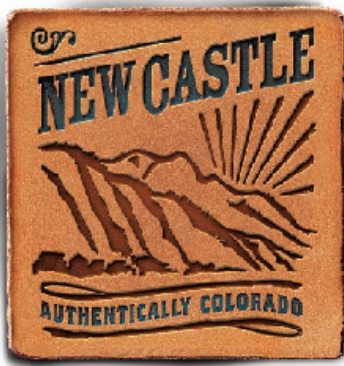
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary information on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements,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

Other Information

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

John Lutler & Associates, LLC

July 31, 2019



Town of New Castle, Colorado
Management's Discussion and Analysis
Fiscal Year Ending December 31, 2018

This Management's Discussion and Analysis (MD&A) of the Town of New Castle's 2018 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, 2018 the governmental funds held \$ 1,975,891 in assets that were readily convertible to cash and \$301,913 in current liabilities.
- As of December 31, 2018 the Town's governmental activities fund held \$12,151,411 in depreciated capital assets, a 2.84% increase; and \$608,207 in capital asset liabilities, a 19.59% decrease.
- Total 2018 sales tax revenue increased 6.19% or \$89,876 compared to fiscal year 2017. The 3.5% Town sales tax revenue increased 5.21% or \$68,752 compared to 2017.
- 2018 property tax revenue increased by \$68,752 or 5.21% compared to fiscal year 2017.
- 2018 building permit revenue decreased by 33.28% or \$29,860 compared to fiscal year 2017. 2018 use tax revenue decreased by 31.97% or \$14,660 compared to fiscal year 2017.
- 2018 lodging tax revenue increased by 7.32% or \$1,170 compared to fiscal year 2017.
- 2018 mineral lease tax revenue decreased by 11.84% or \$14,748 compared to fiscal year 2017 and severance tax revenue increased by 14.10% or \$5,495.
- 2018 governmental activities salary expense increased by 3.24% or \$41,253 compared to fiscal year 2017.
- Total governmental activities net position decreased by 0.65% or \$186,391 during the 2018 fiscal year.

Business-type Activities

- As of December 31, 2018 total assets were \$20,185,042, a decrease of 4.75% or \$1,005,951. Cash, investments and receivables decreased by \$185,567 and capital assets decreased by \$820,384.
- 2018 revenue from the water, wastewater and trash charges for services increased by \$129,712 or 5.73% compared to fiscal year 2017.
- 2018 business-type activities salary expense increased by 5.21% or \$35,382 compared to fiscal year 2017.
- 2018 business-type activities electric and natural gas utility expense of \$167,205 was an increase of 6.67% or \$10,459 compared to fiscal year 2017.

Business-type Activities (Continued)

- Total enterprise liabilities decreased by \$400,289 during 2018 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 1,982,107	\$ 1,957,585	\$ 1,286,556	\$ 1,472,123	\$ 3,268,663	\$ 3,429,708
Capital assets	27,663,216	27,988,124	18,898,486	19,718,870	46,561,702	47,706,994
Total assets	29,645,323	29,945,709	20,185,042	21,190,993	49,830,365	51,136,702
Long-term debt outstanding	536,798	681,213	5,115,260	5,873,830	5,652,058	6,555,043
Other liabilities	748,489	718,069	570,818	212,537	1,319,307	930,606
Total liabilities	1,285,287	1,399,282	5,686,078	6,086,367	6,971,365	7,485,649
Net Position:						
Net Investment in						
Capital assets	27,039,849	27,206,657	13,431,925	13,845,040	40,471,774	41,051,697
Restricted	231,309	224,976	-	-	231,309	224,976
Unrestricted	1,088,878	1,114,794	1,067,039	1,259,586	2,155,917	2,374,380
Total net position	\$ 28,360,036	\$ 28,546,427	\$ 14,498,964	\$ 15,104,626	\$ 42,859,000	\$ 43,651,053

The Town's total net position for fiscal year 2018 decreased by 1.81% or \$792,053. The Town's assets exceed liabilities by \$42,859,000 (net position) as of December 31, 2018. By far the largest portion of net position (94.43%) 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 (0.54%) represents resources that are subject to various debt provisions, contracts and agreements on how they may be used. The remaining balance of \$2,155,917 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 2018.

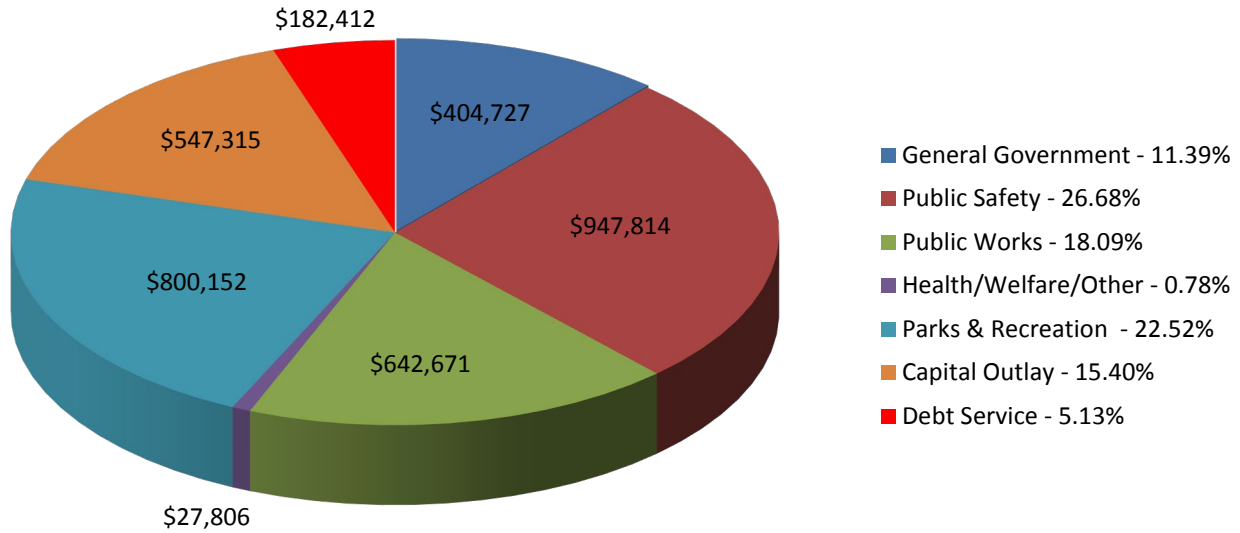
	Governmental		Business Type		Totals	
	2018	2017	2018	2017	2018	2017
<u>Revenues:</u>						
Program Revenues:						
Charges for Services	\$ 258,266	\$ 373,699	\$2,392,321	\$2,262,609	\$2,650,587	\$2,636,308
Capital Grants	765,905	756,150	241,621	1,111,385	1,007,526	1,867,535
Total Program Revenues	<u>1,024,171</u>	<u>1,129,849</u>	<u>2,633,942</u>	<u>3,373,994</u>	<u>3,658,113</u>	<u>4,503,843</u>
General Revenues						
Sales and Use Taxes	1,541,011	1,451,135			1,541,011	1,451,135
Property Taxes	454,862	426,427			454,862	426,427
Franchise Taxes	124,964	122,541			124,964	122,541
Other Taxes	238,849	287,293			238,849	287,293
Investment Income	23,255	15,428	189	100	23,444	15,528
Developer Reimbursement	15,375	34,305			15,375	34,305
Other Revenues	109,342	174,762	(180,457)	55,908	(71,115)	230,670
Total General Revenues	<u>2,507,658</u>	<u>2,511,891</u>	<u>(180,268)</u>	<u>56,008</u>	<u>2,327,390</u>	<u>2,567,899</u>
Total Revenue	<u>3,531,829</u>	<u>3,641,740</u>	<u>2,453,674</u>	<u>3,430,002</u>	<u>5,985,503</u>	<u>7,071,742</u>
<u>Expenses:</u>						
General Government	389,873	415,459			389,873	415,459
Public Safety	1,017,496	967,400			1,017,496	967,400
Public Works	1,373,397	1,584,314			1,373,397	1,584,314
Parks & Recreation	876,892	762,459			876,892	762,459
Health & Welfare	27,806	21,716			27,806	21,716
Water			1,307,173	1,246,099	1,307,173	1,246,099
Wastewater			1,230,836	1,231,005	1,230,836	1,231,005
Sanitation			312,580	301,317	312,580	301,317
Interest	32,756	40,762	208,747	218,541	241,503	259,303
Total Expenses	<u>3,718,220</u>	<u>3,792,110</u>	<u>3,059,336</u>	<u>2,996,962</u>	<u>6,777,556</u>	<u>6,789,072</u>
Change in Net Position	<u>\$ (186,391)</u>	<u>\$ (150,370)</u>	<u>\$ (605,662)</u>	<u>\$ 433,040</u>	<u>\$ (792,053)</u>	<u>\$ 282,670</u>

Governmental Activities

Taxes comprise the largest source of operating revenue for the Town’s governmental activities, 2018 tax source revenue was \$2,359,686, which is 66.81% of total revenues from governmental activities. Property taxes of \$454,862 represent 19.28% of total tax revenue. Charges for services equaled \$258,266 representing 7.31% of total revenues.

The cost of governmental activities (excluding capital outlay) in 2018 was \$3,005,582 compared to \$2,989,910 in 2017, a 0.52% 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:

Expenditures			
Activity	2018	2017	% Change
General Government	\$ 404,727	\$ 385,993	4.85
Public Safety	\$ 947,814	\$ 904,347	4.81
Public Works	\$ 642,671	\$ 696,488	(7.73)
Health/Welfare/Other	\$ 27,806	\$ 21,716	28.04
Parks & Recreation	\$ 800,152	\$ 801,284	5.03
Capital Outlay	\$ 182,412	\$ 562,989	(67.60)
Debt Service	\$ 183,266	\$ 180,082	1.77

Business-type Activities

Total 2018 operating revenue from the Town's business-type activities increased by \$90,331 compared to 2017; operating expenses for 2018 increased by \$72,168 compared to 2017.

Total business type net position during 2018 decreased by \$605,662, mainly due to operating losses and disposal of capital assets.

Fund Balance

At the end of 2018, the Town's governmental funds reported a combined fund balance of \$1,415,261 (pg. 4). This is a decrease of \$21,068 compared to the prior years ending balance. Of this total balance \$720,478 is unassigned and available to finance the Town's future operations and programs; \$6,216 is prepaid non-spendable funds; \$185,000 is restricted for emergencies, \$36,983 is restricted for Conservation Trust Fund approved expenses, \$46,309 is restricted for cemetery care; \$8,250 is committed for use in operating a volunteer ambulance service *or* to maintain and enhance the municipal parks and trees (Ord. #315), \$1,976 is committed for Police training (Ord. #383 & 2007-4), \$5,494 is committed for Burning Mtn. Ave street maintenance (9/1995 SIA Agreement), \$321,487 is committed for traffic impacts (Ord. # 2002-17); \$52,000 is assigned for a solar system purchase, and \$10,000 is assigned for vehicle-equipment replacement.

At year end the business-type activities reported total net position of \$14,498,964, a decrease of \$605,662. Of this total net position \$1,067,039 is unrestricted (pg. 6).

Budgetary Highlights – General Fund – (pg. 26)

Town Council approved one supplement to the 2018 General Fund budget. The original appropriation of \$3,129,276 was increased by \$537,436 or 17.17% to \$3,666,712. The supplemental budget amount was to cover the additional expense related to economic development/enhancement, trail development, park development, special events, recreation programs and street improvements. The Town received \$109,776 in Mineral Lease and Severance Tax direct distributions from the state, this is \$2,276 more than was budgeted and \$53,713 less than the 2017 distribution. The original 2018 General Fund budget reduced reserves by \$159,932, as of 12/31/18 the General Fund balance decreased by \$42,930 for the year.

General Fund revenue for 2018 was \$507,626 over the original budget amount. This is mainly due to grants received, public safety training reimbursements, and sales tax receipts. General Fund Expenditures for 2018 were \$390,624 more than the original budget projections mainly due to additional grant funded capital expenditures and recreation programs.

Capital Assets and Debt Administration

At year end the Town had \$46,561,702 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 decrease of \$1,145,292 or 2.40% from the 2017 year end amount.

Capital Assets at Year-End (pg. 18-19)

	Governmental		Business-type		Total Government	
	2018	2017	2018	2017	2018	2017
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	4,340,720	4,295,135	17,008,406	16,140,439	21,349,126	20,435,574
Distribution/Collection Systems	-	-	11,166,613	11,166,613	11,166,613	11,166,613
Infrastructure	17,606,505	17,312,532	-	-	17,606,505	17,312,532
Property and Equipment	1,013,153	968,300	627,406	483,829	1,640,559	1,452,129
Construction in Process	458,604	267,529	4,378	1,064,951	462,982	1,332,480
Less: Accumulated Depreciation	(10,969,766)	(10,069,372)	(10,894,340)	(10,122,985)	(21,864,106)	(20,192,357)
Total Capital Assets	\$27,663,216	\$27,988,124	\$18,898,486	\$19,718,870	\$46,561,702	\$47,706,994

During 2018 the Town completed the 5th Street enhancement project, completed the majority of the work on Bear Dance Park Phase II and acquired one new Public Safety SUV. Significant capital assets added during 2018 are shown below.

Significant 2018 Capital Asset Additions

Community Center Improvements	\$ 29,636
LoVa Trail South Canyon to Canyon Creek Engineering (CIP)	58,856
Water Jetting Equipment	68,745
1 Public Safety SUV	112,991
Bear Dance Park – Phase II	157,085
5 th Street Curb, Gutter & Sidewalk Enhancements	<u>293,974</u>
Total	<u>\$ 721,287</u>

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

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
1999 Wastewater Loan	\$ -	\$ -	\$ 17,703	\$ 51,946	\$ 17,703	\$ 51,946
2004 Water Loan	-	-	508,146	527,799	508,146	527,799
2008 Wastewater Loan	-	-	4,940,712	5,294,085	4,940,712	5,294,085
Notes Payable	470,039	510,053	-	-	470,039	510,053
Capital Leases	14,168	45,325	-	-	14,168	45,325
GO Bonds, Series 2010	124,000	201,000	-	-	124,000	201,000
Accrued Absences	87,412	97,341	-	-	87,412	97,341
Total Long-term Obligations	<u>\$ 695,619</u>	<u>\$ 853,719</u>	<u>\$ 5,466,561</u>	<u>\$ 5,873,830</u>	<u>\$ 6,162,180</u>	<u>\$ 6,727,549</u>

Economic and Other Factors

The Town of New Castle's financial position continues to show movement in a positive direction. With direction from Town Council to correct for deficit spending along with a renewed directive toward a balanced budget in the General Fund, as well as the Utility Fund, the Town has taken steps to limit spending while exploring avenues of increased revenues. Corrective steps were taken in early 2019 to bring the Utility Fund into balance and allow for the building of reserve funds which will help provide for future capital projects, equipment updates and maintenance and repairs for critical Town facilities. Council is currently considering a number of new revenue generating opportunities for the future. Council has also worked to create an addendum to the Town's Comprehensive Plan which addresses growth and revitalization opportunities for the Commercial Historic Downtown area.

During the first 5 months of 2019 sales tax revenues have increased 7.12 % over the same period in 2018 despite the loss of one of the Town's major retail stores. Interest by potential retailers and business owners to locate in New Castle seems to be on the rise. On Main Street alone, 2018 welcomed a small family owned furniture store, a new Mexican restaurant, a thrift store, and exciting new plans for the expansion of an existing restaurant.

Housing prices in New Castle followed the national trend and continued to rise during 2018. Average home prices approached the historic highs which were seen just before the recession of 2008. While home prices continued to climb, and despite the addition of over 100 new homes added to the Town since 2009, the Property Tax Revenues have not yet reached the historic highs of 2009. The loss of these revenues combined with the dramatic decrease in Oil and Gas Revenues continue to add a large challenge to the task of providing for a balanced budget in the face of decreased revenues and rising expenses.

During 2018 staff size decreased by one full time employee. Major changes to staffing included the retirement of Town Administrator Tom Baker who was replaced by David Reynolds, the retirement of Town Planner Tim Cain who was replaced by Paul Smith (Paul also fills the role of Building Inspector), and the departure of the Town's Finance Director Lyle Layton who was replaced by Loni Burk. Staffing changes were also seen in the Police and Public Works Departments.

Major projects in Town included the completion of Phase II of Bear Dance Park. This long-anticipated park serves the entire Town with the addition of tennis courts, pickleball courts, themed playground equipment, shade pavilions, and large open space activity areas. Additional projects included curb, gutter and sidewalk enhancements to 5th Street, the renovation of the Community Center, planning work for the LOVA trail between New Castle and Glenwood Springs, and planning work for additional hiking and biking trails in the adjacent BLM properties to the north of Town.

Financial Contact

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

BASIC FINANCIAL STATEMENTS

TOWN OF NEW CASTLE, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
			2018	2017
ASSETS				
Cash and Investments	\$ 1,068,688	\$ 1,035,500	\$ 2,104,188	\$ 2,113,837
Receivables				
Property Taxes	446,576	-	446,576	447,993
Sales and Other	15,196	-	15,196	15,982
Accounts	-	251,056	251,056	233,352
Due from Other Governments	445,431	-	445,431	607,437
Prepaid Expenses	6,216	-	6,216	11,107
Capital Assets, not Depreciated	15,511,805	990,401	16,502,206	17,532,503
Capital Assets, Depreciated, Net of Accumulated Depreciation	12,151,411	17,908,085	30,059,496	30,174,491
TOTAL ASSETS	29,645,323	20,185,042	49,830,365	51,136,702
LIABILITIES				
Accounts Payable	65,042	67,167	132,209	86,217
Accrued Expenses	32,108	22,766	54,874	102,396
Unearned Revenues	9,770	-	9,770	-
Accrued Interest	1,754	83,835	85,589	87,074
Developer Escrow	34,418	-	34,418	34,420
Noncurrent Liabilities				
Due within One Year	158,821	397,050	555,871	579,775
Due in More Than One Year	536,798	5,115,260	5,652,058	6,147,774
TOTAL LIABILITIES	838,711	5,686,078	6,524,789	7,037,656
DEFERRED INFLOWS				
Deferred Property Tax Revenue	446,576	-	446,576	447,993
NET POSITION				
Investment in Capital Assets	27,039,849	13,431,925	40,471,774	41,051,697
Restricted for Emergencies	185,000	-	185,000	185,000
Restricted for Cemetery Care	46,309	-	46,309	39,976
Unrestricted	1,088,878	1,067,039	2,155,917	2,017,169
TOTAL NET POSITION	\$ 28,360,036	\$ 14,498,964	\$ 42,859,000	\$ 43,293,842

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

TOWN OF NEW CASTLE , COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 389,873	\$ 92,143	\$ -	\$ 150,910
Public Safety	1,017,496	27,364	-	-
Public Works	1,373,397	9,146	-	415,192
Health and Welfare	27,806	6,400	-	-
Parks and Recreation	876,892	123,213	-	199,803
Interest on Long-Term Debt	32,756	-	-	-
Total Governmental Activities	<u>3,718,220</u>	<u>258,266</u>	<u>-</u>	<u>765,905</u>
Business-Type Activities				
Water	1,307,173	920,389	-	(114,779)
Wastewater	1,230,836	1,166,730	-	356,400
Trash	312,580	305,202	-	-
Interest on Long-Term Debt	208,747	-	-	-
Total Business-Type Activities	<u>3,059,336</u>	<u>2,392,321</u>	<u>-</u>	<u>241,621</u>
Total Primary Government	<u>\$ 6,777,556</u>	<u>\$ 2,650,587</u>	<u>\$ -</u>	<u>\$ 1,007,526</u>

GENERAL REVENUES

Sales Taxes
Property Taxes
Specific Ownership Taxes
Franchise Taxes
Other Taxes
Interest
Developer Reimbursements
Other
Loss from Disposal of Capital Assets

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

Prior Period Adjustment

NET POSITION, Beginning, as restated

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2018	2017
\$ (146,820)	\$ -	\$ (146,820)	\$ (290,652)
(990,132)	-	(990,132)	(899,549)
(949,059)	-	(949,059)	(1,315,047)
(21,406)	-	(21,406)	(17,116)
(553,876)	-	(553,876)	(99,135)
(32,756)	-	(32,756)	(40,762)
<u>(2,694,049)</u>	<u>-</u>	<u>(2,694,049)</u>	<u>(2,662,261)</u>
-	(501,563)	(501,563)	361,455
-	292,294	292,294	248,362
-	(7,378)	(7,378)	(14,244)
<u>-</u>	<u>(208,747)</u>	<u>(208,747)</u>	<u>(218,541)</u>
<u>-</u>	<u>(425,394)</u>	<u>(425,394)</u>	<u>377,032</u>
(2,694,049)	(425,394)	(3,119,443)	(2,285,229)
1,541,011	-	1,541,011	1,451,135
454,862	-	454,862	426,427
27,105	-	27,105	33,256
124,964	-	124,964	122,541
211,744	-	211,744	254,037
23,255	189	23,444	15,528
15,375	-	15,375	34,305
109,342	16,527	125,869	230,670
<u>-</u>	<u>(196,984)</u>	<u>(196,984)</u>	<u>-</u>
<u>2,507,658</u>	<u>(180,268)</u>	<u>2,327,390</u>	<u>2,567,899</u>
(186,391)	(605,662)	(792,053)	282,670
<u>28,546,427</u>	<u>15,104,626</u>	<u>43,651,053</u>	<u>43,043,998</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>324,385</u>
<u>28,546,427</u>	<u>15,104,626</u>	<u>43,651,053</u>	<u>43,368,383</u>
<u>\$ 28,360,036</u>	<u>\$ 14,498,964</u>	<u>\$ 42,859,000</u>	<u>\$ 43,651,053</u>

TOWN OF NEW CASTLE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2018

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
			2018	2017
ASSETS				
Cash and Investments	\$ 985,055	\$ 83,633	\$ 1,068,688	\$ 875,066
Taxes Receivable	446,576	-	446,576	447,993
Due from Other Governments	445,431	-	445,431	607,437
Accounts Receivable	15,196	-	15,196	15,982
Prepaid Items	6,216	-	6,216	11,107
TOTAL ASSETS	<u>\$ 1,898,474</u>	<u>\$ 83,633</u>	<u>\$ 1,982,107</u>	<u>\$ 1,957,585</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 64,701	\$ 341	\$ 65,042	\$ 25,080
Accrued Liabilities	32,108	-	32,108	34,831
Unearned Revenues	9,770	-	9,770	-
Deposits and Escrow	34,418	-	34,418	34,420
TOTAL LIABILITIES	<u>140,997</u>	<u>341</u>	<u>141,338</u>	<u>94,331</u>
DEFERRED INFLOWS				
Deferred Property Taxes	446,576	-	446,576	447,993
Fund Balance				
Nonspendable	6,216	-	6,216	11,107
Restricted	185,000	83,292	268,292	246,430
Committed	337,207	-	337,207	337,207
Assigned	62,000	-	62,000	67,000
Unassigned	720,478	-	720,478	753,517
TOTAL FUND EQUITY	<u>1,310,901</u>	<u>83,292</u>	<u>1,394,193</u>	<u>1,415,261</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	<u>\$ 1,898,474</u>	<u>\$ 83,633</u>		

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	27,663,216	27,988,124
Long-term liabilities are not due and payable in the current period and are not reported in the funds. This includes Bonds Payable (\$124,000), Capital Leases (\$14,168), Notes Payable (\$470,039) and Accrued Compensated Absences (\$87,412), and Accrued Interest Payable (\$1,754).	<u>(697,373)</u>	<u>(856,958)</u>
Net position of governmental activities	<u>\$ 28,360,036</u>	<u>\$ 28,546,427</u>

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

TOWN OF NEW CASTLE, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2018

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
			2018	2017
REVENUES				
Taxes	\$ 2,205,449	\$ -	\$ 2,205,449	\$ 2,104,528
Licenses and Permits	69,885	-	69,885	99,807
Intergovernmental	880,332	48,156	928,488	1,030,090
Charges for Services	148,935	6,400	155,335	159,969
Court	24,700	-	24,700	22,851
Developer Reimbursements	15,375	-	15,375	34,305
Sale of Assets	8,174	-	8,174	238,202
Interest	22,952	303	23,255	15,428
Miscellaneous	101,168	-	101,168	54,560
TOTAL REVENUES	<u>3,476,970</u>	<u>54,859</u>	<u>3,531,829</u>	<u>3,759,740</u>
EXPENDITURES				
General Government	404,727	-	404,727	385,993
Public Safety	947,814	-	947,814	904,347
Public Works	642,671	-	642,671	696,488
Health and Welfare	27,459	347	27,806	21,716
Parks and Recreation	767,502	32,650	800,152	801,284
Debt Service				
Principal	148,171	-	148,171	142,559
Interest	34,241	-	34,241	37,523
Capital Outlay	547,315	-	547,315	562,989
TOTAL EXPENDITURES	<u>3,519,900</u>	<u>32,997</u>	<u>3,552,897</u>	<u>3,552,899</u>
NET CHANGE IN FUND BALANCES	(42,930)	21,862	(21,068)	206,841
FUND BALANCES, Beginning	<u>1,353,831</u>	<u>61,430</u>	<u>1,415,261</u>	<u>1,208,420</u>
FUND BALANCES, Ending	<u>\$ 1,310,901</u>	<u>\$ 83,292</u>	<u>\$ 1,394,193</u>	<u>\$ 1,415,261</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, 2018

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (21,068)
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 (\$912,112), exceeds capital outlay \$587,204, in the current period.	(324,908)
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 Capital Leases of \$31,157, payments on Bonds Payable \$77,000, payments on Notes Payable \$40,014, change in Accrued Compensated Absences of \$9,929, and change in Accrued Interest \$1,485.	<u>159,585</u>
Change in Net Position of Governmental Activities	<u><u>\$ (186,391)</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, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and Investments	\$ 1,035,500	\$ 1,238,771
Accounts Receivable	<u>251,056</u>	<u>233,352</u>
Total Current Assets	<u>1,286,556</u>	<u>1,472,123</u>
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	<u>18,898,486</u>	<u>19,718,870</u>
Total Noncurrent Assets	<u>18,898,486</u>	<u>19,718,870</u>
TOTAL ASSETS	<u>20,185,042</u>	<u>21,190,993</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	67,167	61,137
Accrued Expenses	21,406	20,456
Accrued Interest Payable	83,835	83,835
Notes Payable, Current	<u>397,050</u>	<u>407,269</u>
Total Current Liabilities	<u>569,458</u>	<u>572,697</u>
Noncurrent Liabilities		
Deposits	1,360	1,360
Compensated Absences	45,749	45,749
Notes Payable, Long Term	<u>5,069,511</u>	<u>5,466,561</u>
Total Noncurrent Liabilities	<u>5,116,620</u>	<u>5,513,670</u>
TOTAL LIABILITIES	<u>5,686,078</u>	<u>6,086,367</u>
NET POSITION		
Net Investment in Capital Assets	13,431,925	13,845,040
Unrestricted	<u>1,067,039</u>	<u>1,259,586</u>
TOTAL NET POSITION	<u>\$ 14,498,964</u>	<u>\$ 15,104,626</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, 2018

	2018	2017
OPERATING REVENUES		
Water Sales	\$ 920,389	\$ 852,569
Wastewater Sales	1,166,730	1,122,967
Trash Sales	305,202	287,073
Other Revenues	16,527	55,908
	<u>2,408,848</u>	<u>2,318,517</u>
OPERATING EXPENSES		
Water	1,307,173	1,246,099
Wastewater	1,230,836	1,231,005
Trash	312,580	301,317
	<u>2,850,589</u>	<u>2,778,421</u>
OPERATING LOSS	<u>(441,741)</u>	<u>(459,904)</u>
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental Grants	48,121	425,585
Loss from Disposal of Capital Assets	(196,984)	-
Interest Income	189	100
Interest Expense	(208,747)	(218,541)
	<u>(357,421)</u>	<u>207,144</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(799,162)</u>	<u>(252,760)</u>
CONTRIBUTIONS AND TRANSFERS		
Capital Contributions	193,500	685,800
	<u>193,500</u>	<u>685,800</u>
NET INCOME (LOSS)	(605,662)	433,040
NET POSITION, Beginning	15,104,626	14,347,201
Prior Period Adjustment	-	324,385
NET POSITION, Beginning, as restated	<u>15,104,626</u>	<u>14,671,586</u>
NET POSITION, Ending	<u>\$ 14,498,964</u>	<u>\$ 15,104,626</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, 2018

Increase (Decrease) in Cash and Cash Equivalents

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 2,391,144	\$ 2,318,679
Cash Paid to Suppliers	(1,378,969)	(1,519,821)
Cash Paid to Employees	(693,285)	(668,436)
Net Cash Provided by Operating Activities	<u>318,890</u>	<u>130,422</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Fixed Assets	(147,954)	(1,275,027)
Note Payments	(407,269)	(394,060)
Interest Payments	(208,747)	(218,541)
Intergovernmental Grants	48,121	749,970
Tap Fees and Capital Contributions	193,500	685,800
Net Cash Used by Capital and Related Financing Activities	<u>(522,349)</u>	<u>(451,858)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>188</u>	<u>100</u>
Net (Decrease) in Cash and Cash Equivalents	(203,271)	(321,336)
CASH AND CASH EQUIVALENTS, Beginning	<u>1,238,771</u>	<u>1,560,107</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,035,500</u>	<u>\$ 1,238,771</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	<u>\$ (441,741)</u>	<u>\$ (459,904)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	771,355	749,630
Changes in Assets and Liabilities		
Accounts Receivable	(17,704)	162
Accounts Payable	6,030	(155,223)
Accrued Expenses	950	(4,243)
Total Adjustments	<u>760,631</u>	<u>590,326</u>
Net Cash Provided by Operating Activities	<u>\$ 318,890</u>	<u>\$ 130,422</u>

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018.
- 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, 2018:

Emergency Reserves	\$ 185,000
Parks and Recreation	36,983
Cemetery Care	<u>46,309</u>
Total	<u>\$ 268,292</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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, 2018:

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

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

The Town has classified the following amounts as assigned as of December 31, 2018:

Solar System Purchase	\$ 52,000
Vehicle-Equipment Replacement	<u>10,000</u>
Total	<u>\$ 62,000</u>

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

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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, 2018

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, 2018 follows:

Petty Cash	\$ 89
Cash Deposits	1,116,374
Investments	<u>987,725</u>
Total	<u>\$ 2,104,188</u>

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

Governmental Activities	\$ 1,068,688
Business-Type Activities	<u>1,035,500</u>
Total	<u>\$ 2,104,188</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2018, 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, 2018

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, 2018, the Town had deposits with financial institutions with a carrying amount of \$1,116,374. The bank balances with the financial institutions were \$1,156,947. Of these balances, \$500,000 was covered by federal depository insurance and \$906,947 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Investments

Interest Rate Risk

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

Credit Risk

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

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

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Local Government Investment Pools

The Town had invested \$423,560 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 \$564,165 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, 2018

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, 2018 is summarized below:

	Balances <u>12/31/17</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/18</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 15,214,000	\$ -	\$ -	\$ 15,214,000
Construction in Progress	<u>267,529</u>	<u>215,941</u>	<u>185,665</u>	<u>297,805</u>
Total Capital Assets, not depreciated	<u>15,481,529</u>	<u>215,941</u>	<u>185,665</u>	<u>15,511,805</u>
Capital Assets, depreciated				
Buildings	4,295,135	45,585	-	4,340,720
Machinery and Equipment	968,300	56,571	11,718	1,013,153
Infrastructure	<u>17,312,532</u>	<u>454,772</u>	<u>-</u>	<u>17,767,304</u>
Total Capital Assets, depreciated	<u>22,575,967</u>	<u>556,928</u>	<u>11,718</u>	<u>23,121,177</u>
Less Accumulated Depreciation				
Buildings	1,783,746	120,281	-	1,904,027
Machinery and Equipment	792,386	81,301	11,718	861,969
Infrastructure	<u>7,493,240</u>	<u>710,530</u>	<u>-</u>	<u>8,203,770</u>
Total Accumulated Depreciation	<u>10,069,372</u>	<u>912,112</u>	<u>11,718</u>	<u>10,969,766</u>
Total Capital Assets, depreciated, Net	<u>12,506,595</u>	<u>(355,184)</u>	<u>-</u>	<u>12,151,411</u>
Governmental Activities, Capital Assets, Net	<u>\$ 27,988,124</u>	<u>\$ (139,243)</u>	<u>\$ (185,665)</u>	<u>\$ 27,663,216</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4: CAPITAL ASSETS (Continued)

	<u>Balances</u> <u>12/31/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/18</u>
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 469,741	\$ -	\$ -	\$ 469,741
Water Rights	516,282	-	-	516,282
Construction in Process	<u>1,064,951</u>	<u>4,378</u>	<u>1,064,951</u>	<u>4,378</u>
Total Capital Assets, not depreciated	<u>2,050,974</u>	<u>4,378</u>	<u>1,064,951</u>	<u>990,401</u>
Capital Assets, depreciated				
Buildings and Improvements	16,140,439	867,967	-	17,008,406
Distribution and Collection	11,166,613	-	-	11,166,613
Machinery and Equipment	<u>483,829</u>	<u>143,577</u>	<u>-</u>	<u>627,406</u>
Total Capital Assets, depreciated	<u>27,790,881</u>	<u>1,011,543</u>	<u>-</u>	<u>28,802,425</u>
Less: Accumulated Depreciation				
Buildings and Improvements	5,458,344	461,111	-	5,919,455
Distribution and Collection	4,443,392	244,706	-	4,688,098
Machinery and Equipment	<u>221,249</u>	<u>65,538</u>	<u>-</u>	<u>286,787</u>
Total Accumulated Depreciation	<u>10,122,985</u>	<u>771,355</u>	<u>-</u>	<u>10,894,340</u>
Total Capital Assets, depreciated, Net	<u>17,667,896</u>	<u>240,189</u>	<u>-</u>	<u>17,908,085</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 19,718,870</u>	<u>\$ 244,567</u>	<u>\$ (1,064,951)</u>	<u>\$ 18,898,486</u>

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

Governmental Activities

General Government	\$ 19,014
Public Safety	69,682
Public Works	730,726
Parks and Recreation	<u>92,690</u>

Total **\$ 912,112**

Business-type Activities

Water	\$ 312,189
Sewer	<u>459,166</u>

Total **\$ 771,355**

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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, 2018.

	Balance <u>12/31/17</u>	<u>Additions</u>	Payments	Balance <u>12/31/18</u>	Due In <u>One Year</u>
GO Bonds, Series 2010	\$ 201,000	\$ -	\$ 77,000	\$ 124,000	\$ 81,000
Capital Leases	45,325	-	31,157	14,168	14,168
Notes Payable	510,053	-	40,014	470,039	41,800
Accrued Compensated Absences	97,341	-	9,929	87,412	21,853
Total	<u>\$ 853,719</u>	<u>\$ -</u>	<u>\$ 158,100</u>	<u>\$ 695,619</u>	<u>\$ 158,821</u>

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

General Obligation Bonds, Series 2010

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

Capital Leases

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

Note Payable

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: LONG-TERM DEBT(Continued)

Future Debt Service Requirements

Annual debt service requirements for the Notes and Bonds Payable at December 31, 2018 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 122,800	\$ 25,332	\$ 148,132
2020	86,666	19,050	105,716
2021	45,615	15,940	61,555
2022	47,651	13,904	61,555
2023	49,778	11,777	61,555
2024 – 2028	<u>241,529</u>	<u>24,052</u>	<u>265,581</u>
Total Debt Service Requirements	<u>\$ 594,039</u>	<u>\$ 110,055</u>	<u>\$ 704,094</u>

Following is a schedule of the future minimum lease payments required under the capital lease obligations at December 31, 2018:

<u>Year Ended December 31,</u>	
2019	<u>\$ 15,052</u>
Total Minimum Lease Payments	15,052
Less: Interest	<u>(884)</u>
Present Value of Minimum Lease Payments	<u>\$ 14,168</u>

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2018.

	<u>Balance</u>		<u>Balance</u>	<u>Due In</u>
	<u>12/31/17</u>	<u>Additions</u>	<u>12/31/18</u>	<u>One Year</u>
1999 CWRPDA Loan	\$ 51,946	\$ -	\$ 17,703	\$ 17,703
2004 CWCB Loan	527,799	-	508,146	20,538
2008 CWRPDA Loan	<u>5,294,085</u>	<u>-</u>	<u>4,940,712</u>	<u>358,809</u>
Total	<u>\$ 5,873,830</u>	<u>\$ -</u>	<u>\$ 5,466,561</u>	<u>\$ 397,050</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: LONG-TERM DEBT (Continued)

Loans Payable

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

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

2004 Colorado Water Conservation Board (CWCB) Loan

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

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

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

Future Debt Service Requirements

Annual debt service requirements for the outstanding loans at December 31, 2018 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 397,050	\$ 198,764	\$ 595,814
2020	391,144	186,691	577,835
2021	397,547	178,269	575,816
2022	409,429	169,890	579,319
2023	415,919	160,979	576,898
2024-2028	2,222,196	651,232	2,873,428
2029-2033	1,151,989	126,146	1,278,135
2034-2035	<u>81,287</u>	<u>5,527</u>	<u>86,814</u>
Total Debt Service Requirements	<u>\$ 5,466,561</u>	<u>\$ 1,677,498</u>	<u>\$ 7,144,059</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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, 2017 and 2018, 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).

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

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

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 8: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

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

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2018, the emergency reserve of \$185,000 was recorded in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NEW CASTLE, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2018

	2018			VARIANCE	2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Taxes	\$ 2,112,218	\$ 2,112,218	\$ 2,205,449	\$ 93,231	\$ 2,104,528
Licenses and Permits	96,050	96,050	69,885	(26,165)	99,807
Intergovernmental	544,975	1,082,411	880,332	(202,079)	983,880
Charges for Services	146,996	146,996	148,935	1,939	155,369
Court	17,600	17,600	24,700	7,100	22,851
Developer Reimbursements	25,000	25,000	15,375	(9,625)	34,305
Interest	11,405	11,405	22,952	11,547	15,266
Sale of Assets	5,000	5,000	8,174	3,174	238,202
Miscellaneous	10,100	10,100	101,168	91,068	54,560
TOTAL REVENUES	<u>2,969,344</u>	<u>3,506,780</u>	<u>3,476,970</u>	<u>(29,810)</u>	<u>3,708,768</u>
EXPENDITURES					
Current					
General Government	414,097	414,097	404,727	9,370	385,993
Public Safety	971,195	971,195	947,814	23,381	904,347
Public Works	702,686	702,686	642,671	60,015	696,488
Health and Welfare	20,400	20,400	27,459	(7,059)	21,542
Parks and Recreation	586,049	586,049	767,502	(181,453)	626,679
Capital Outlay	267,000	804,436	547,315	257,121	562,989
Debt Service					
Principal	142,918	142,918	148,171	(5,253)	142,559
Interest	24,931	24,931	34,241	(9,310)	37,523
TOTAL EXPENDITURES	<u>3,129,276</u>	<u>3,666,712</u>	<u>3,519,900</u>	<u>146,812</u>	<u>3,378,120</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(159,932)</u>	<u>(159,932)</u>	<u>(42,930)</u>	<u>117,002</u>	<u>330,648</u>
NET CHANGE IN FUND BALANCE	(159,932)	(159,932)	(42,930)	117,002	330,648
FUND BALANCE, Beginning	<u>1,277,181</u>	<u>1,277,181</u>	<u>1,353,831</u>	<u>76,650</u>	<u>1,023,183</u>
FUND BALANCE, Ending	<u>\$ 1,117,249</u>	<u>\$ 1,117,249</u>	<u>\$ 1,310,901</u>	<u>\$ 193,652</u>	<u>\$ 1,353,831</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, 2018

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTALS	
	CONSERVATION TRUST FUND	CEMETERY TRUST FUND	2018	2017
ASSETS				
Cash	\$ 36,983	\$ 46,650	\$ 83,633	\$ 61,604
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 341	\$ 341	\$ 174
FUND EQUITY				
Fund Balance				
Restricted for Cemetery Care	\$ -	\$ 46,309	\$ 46,309	\$ 39,976
Restricted for Park and Recreation	36,983	-	36,983	21,454
TOTAL FUND EQUITY	36,983	46,309	83,292	61,430
TOTAL LIABILITIES AND FUND BALANCES	\$ 36,983	\$ 46,650	\$ 83,633	\$ 61,604

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, 2018

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTALS	
	CONSERVATION TRUST FUND	CEMETERY TRUST FUND	2018	2017
REVENUES				
Intergovernmental	\$ 48,156	\$ -	\$ 48,156	\$ 46,210
Charges for Services	-	6,400	6,400	4,600
Interest	23	280	303	162
TOTAL REVENUES	48,179	6,680	54,859	50,972
EXPENDITURES				
Health and Welfare	-	347	347	174
Parks and Recreation	32,650	-	32,650	174,605
TOTAL EXPENDITURES	32,650	347	32,997	174,779
NET CHANGE IN FUND BALANCES	15,529	6,333	21,862	(123,807)
FUND BALANCES, Beginning	21,454	39,976	61,430	185,237
FUND BALANCES, Ending	<u>\$ 36,983</u>	<u>\$ 46,309</u>	<u>\$ 83,292</u>	<u>\$ 61,430</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2018

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES				
Intergovernmental	\$ 44,000	\$ 48,156	\$ 4,156	\$ 46,210
Interest	12	23	11	14
TOTAL REVENUES	<u>44,012</u>	<u>48,179</u>	<u>4,167</u>	<u>46,224</u>
EXPENDITURES				
Parks and Recreation	<u>44,350</u>	<u>32,650</u>	<u>11,700</u>	<u>174,605</u>
NET CHANGE IN FUND BALANCE	(338)	15,529	15,867	(128,381)
FUND BALANCE, Beginning	<u>345</u>	<u>21,454</u>	<u>21,109</u>	<u>149,835</u>
FUND BALANCE, Ending	<u>\$ 7</u>	<u>\$ 36,983</u>	<u>\$ 36,976</u>	<u>\$ 21,454</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

CEMETERY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2018

	2018		VARIANCE Positive (Negative)	2017 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Sale of Plots	\$ 2,000	\$ 6,400	\$ 4,400	\$ 4,600
Interest and Other	125	280	155	148
TOTAL REVENUES	<u>2,125</u>	<u>6,680</u>	<u>4,555</u>	<u>4,748</u>
EXPENDITURES				
Health and Welfare	<u>4,000</u>	<u>347</u>	<u>3,653</u>	<u>174</u>
NET CHANGE IN FUND BALANCE	(1,875)	6,333	8,208	4,574
FUND BALANCE, Beginning	<u>26,637</u>	<u>39,976</u>	<u>13,339</u>	<u>35,402</u>
FUND BALANCE, Ending	<u>\$ 24,762</u>	<u>\$ 46,309</u>	<u>\$ 21,547</u>	<u>\$ 39,976</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

UTILITY FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2018

	2018			VARIANCE Positive (Negative)	2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Water Sales	\$ 866,560	\$ 866,560	\$ 920,389	\$ 53,829	\$ 852,569
Wastewater Sales	1,166,600	1,166,600	1,166,730	130	1,122,967
Trash Sales	297,600	297,600	305,202	7,602	287,073
Intergovernmental Grants	-	22,982	48,121	25,139	425,585
Tap Fees and Contributions	360,000	360,000	193,500	(166,500)	685,800
Interest	85	85	189	104	100
Other Revenues	17,020	17,020	16,527	(493)	55,908
Loss from Disposal of Capital Assets	-	-	(196,984)	(196,984)	-
TOTAL REVENUES	2,707,865	2,730,847	2,453,674	(277,173)	3,430,002
EXPENDITURES					
Water	1,033,622	1,033,622	994,984	38,638	972,096
Wastewater	860,960	860,960	771,670	89,290	755,378
Trash	299,300	299,300	312,580	(13,280)	301,317
Debt Service	615,996	615,996	616,016	(20)	612,601
Capital Outlay	112,500	135,482	147,954	(12,472)	1,275,027
TOTAL EXPENDITURES	2,922,378	2,945,360	2,843,204	102,156	3,916,419
NET INCOME, Budget Basis	\$ (214,513)	\$ (214,513)	(389,530)	\$ (175,017)	(486,417)
GAAP BASIS ADJUSTMENTS					
Capital Outlay			147,954		1,275,027
Loan Principal Payments			407,269		394,060
Depreciation			(771,355)		(749,630)
NET INCOME, GAAP Basis			(605,662)		433,040
NET POSITION, Beginning			14,347,201		14,347,201
Prior Period Adjustment			-		324,385
NET POSITION, Beginning, as restated			15,104,626		14,671,586
NET POSITION, Ending			\$ 14,498,964		\$ 15,104,626

See the accompanying independent auditors' report.

COMPLIANCE

ANNUAL HIGHWAY FINANCE REPORT - CY18

Steps for editing and printing your content

1. Enter your email and select your City or County from the list below.
2. Click on "Start" to edit/update your data.
3. Click on "Save" at the bottom of the form to save your work.
4. Click on "Print Mode" at the bottom of the form to view your work in a read only more printer friendly format.
5. Click on "Edit Mode" at the bottom of the form to return to editing your work.
6. Save any changes that are made using the "Save" button.

Your Email Address:

Select City:

II - RECEIPTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Receipts from local sources

2. General Fund Appropriations:	\$	<input type="text" value="195648.00"/>
3. Other local imposts: <i>from A.3. 'Total' below</i>	\$	<input type="text" value="616,598.00"/>
4. Miscellaneous local receipts: <i>from A.4. 'Total' below</i>	\$	<input type="text" value="202,017.00"/>
5. Transfers from toll facilities	\$	<input type="text" value="0.00"/>
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	<input type="text" value="0.00"/>
b. Bonds - Refunding Issues:	\$	<input type="text" value="0.00"/>
c. Notes:	\$	<input type="text" value="0.00"/>

SubTotal: \$

B. Private Contributions \$

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

Please no commas or dollar signs for the input

A.3. Other local imposts

a. Property Taxes and Assessments	\$	0.00
b. Other Local Imposts		
1. Sales Taxes:	\$	581690.00
2. Infrastructure and Impact Fees:	\$	8296.00
3. Liens:	\$	0.00
4. Licenses:	\$	0.00
5. Specific Ownership and/or Other:	\$	26612.00
Total: (a + b) carried to 'Other local imposts' above	\$	616,598.00

A.4. Miscellaneous local receipts

Please no commas or dollar signs for the input

a. Interest on Investments:	\$	24.00
b. Traffic fines & Penalties:	\$	13306.00
c. Parking Garage Fees:	\$	0.00
d. Parking Meter Fees:	\$	0.00
e. Sale of Surplus Property:	\$	0.00
f. Charges for Services:	\$	0.00
g. Other Misc. Receipts:	\$	3187.00
h. Other:	\$	185500.00
Total: (a through h) carried to 'Misc local receipts' above	\$	202,017.00

C. Receipts from State Government

Please no commas or dollar signs for the input

1. Highway User Taxes:	\$	169448.00
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	19214.00
d. Other (Specify):		
Comments: undefined	\$	0.00
e. Other (Specify):		
Comments: undefined	\$	0.00
Total: (1+3c,d,e)	\$	188,662.00

D. Receipts from Federal Government

Please no commas or dollar signs for the input

2. Other Federal Agencies

a. Forest Service:	\$	<input type="text" value="0.00"/>
b. FEMA:	\$	<input type="text" value="0.00"/>
c. HUD:	\$	<input type="text" value="0.00"/>
d. Federal Transit Administration:	\$	<input type="text" value="0.00"/>
e. U.S. Corp of Engineers	\$	<input type="text" value="0.00"/>
f. Other Federal:	\$	<input type="text" value="0.00"/>
Total: (2a-f)		\$ <u><input type="text" value="0.00"/></u>

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Local highway disbursements

1. Capital outlay: (from A.1.d. 'Total Capital Outlay' below)	\$	<input type="text" value="357,033.00"/>
2. Maintenance:	\$	<input type="text" value="197068.00"/>
3. Road and street services		
a. Traffic control operations:	\$	<input type="text" value="4111.00"/>
b. Snow and ice removal:	\$	<input type="text" value="65216.00"/>
c. Other:	\$	<input type="text" value="49956.00"/>
4. General administration & miscellaneous	\$	<input type="text" value="28659.00"/>
5. Highway law enforcement and safety	\$	<input type="text" value="500882.00"/>
Total: (A.1-5)		\$ <u><input type="text" value="1,202,925.00"/></u>

Please no commas or dollar signs for the input

B. Debt service on local obligations

1. Bonds		
a. Interest	\$	<input type="text" value="0.00"/>
b. Redemption	\$	<input type="text" value="0.00"/>
2. Notes		
a. Interest	\$	<input type="text" value="0.00"/>
b. Redemption	\$	<input type="text" value="0.00"/>
SubTotal: (1+2)		\$ <u><input type="text" value="0.00"/></u>

Please no commas or dollar signs for the input

C. Payments to State for Highways:	\$	<input type="text" value="0.00"/>
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D. Payments to Toll Facilities: \$

Total Disbursements: *(A+B+C+D)* \$ 1,202,925.00

Please no commas or dollar signs for the input

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

Please no commas or dollar signs for the input

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ 0.00
b. Engineering Costs:	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ 0.00
c. Construction			
1. New Facilities:	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ 0.00
2. Capacity Improvements:	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="259209.00"/>	\$ 259,209.00
3. System Preservation:	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="97824.00"/>	\$ 97,824.00
4. System Enhancement:	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ 0.00
5. Total Construction:			\$ <u>357,033.00</u>
d. Total Capital Outlay: <i>(Lines A.1.a. + 1.b. + 1.c.5)</i>			\$ <u>357,033.00</u>

IV. LOCAL HIGHWAY DEBT STATUS

Please no commas or dollar signs for the input

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>
1. Bonds (Refunding Portion)		\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>
B. Notes (Total):	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>

V - LOCAL ROAD AND STREET FUND BALANCE

Please no commas or dollar signs for the input

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
\$ <input type="text" value="0.00"/>	\$ 1,202,925.00	\$ 1,202,925.00	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>

Notes & Comments:

undefined

Please enter your name:

Please provide a telephone number where you may be reached:

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