

TOWN OF NEW CASTLE, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2016



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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, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary information on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

John Luther & Associates, LLC

July 24, 2017



Town of New Castle, Colorado
Management's Discussion and Analysis
Fiscal Year Ending December 31, 2016

This Management's Discussion and Analysis (MD&A) of the Town of New Castle's 2016 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 (assets) may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other non-financial factors, however, such as changes in the Town's property tax base, are needed to assess the overall financial condition of the Town.

The **statement of activities** (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 assets 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 government-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, 2016 the governmental funds held \$ 1,868,450 in assets that were readily convertible to cash and \$677,584 in current liabilities.
- As of December 31, 2016 the Town's governmental activities fund held \$12,889,391 in depreciated capital assets (pg. 1), a 3.72% increase; and \$898,937 in capital asset liabilities (pg. 20), a 12.23% decrease.
- Total 2016 sales tax revenue increased 3.95% or \$52,407 compared to fiscal year 2015. The 3.5% Town sales tax revenue increased 4.68% or \$56,203 compared to 2015.
- 2016 property tax revenue increased by \$66,684 or 18.45% compared to fiscal year 2015.
- 2016 building permit revenue increased by 10.90% or \$8,633 compared to fiscal year 2015. 2016 use tax revenue increased by 31.09% or \$10,803 compared to fiscal year 2015.
- 2016 lodging tax revenue increased by 10.74% or \$1,309 compared to fiscal year 2015.
- 2016 mineral lease tax revenue decreased by 55.55% or \$140,072 compared to fiscal year 2015 and severance tax revenue decreased by 76.76% or \$149,515.
- 2016 governmental activities salary expense increased by 3.41% or \$40,356 compared to fiscal year 2015.
- Total governmental activities net position (assets) increased by 0.26% or \$75,637 during the 2016 fiscal year.

Business-type Activities

- As of December 31, 2016 total assets were \$20,987,094 (pg. 1), a decrease of 1.78% or \$381,200. Cash, investments and receivables decreased by \$567,601 and capital assets increased by \$186,401.
- 2016 revenue from the water, wastewater and trash charges for services (pg. 2) increased by \$63,686 or 2.95% compared to fiscal year 2015.
- 2016 business-type activities salary expense increased by 8.95% or \$48,557 compared to fiscal year 2015.
- 2016 business-type activities electric and natural gas utility expense of \$154,082 was an increase of 2.48% or \$3,734 compared to fiscal year 2015.

Business-type Activities (Continued)

- Total enterprise liabilities decreased by \$223,648 during 2016 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	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 1,868,450	\$ 2,047,563	\$ 1,793,621	\$ 2,361,222	\$ 3,662,071	\$ 4,408,785
Capital assets	28,494,697	28,373,642	19,193,473	19,007,072	47,688,170	47,380,714
Total assets	30,363,147	30,421,205	20,987,094	21,368,294	51,350,241	51,789,499
Long-term debt outstanding	988,766	1,106,238	6,267,890	6,654,277	7,256,656	7,760,515
Other liabilities	677,584	693,807	372,003	209,264	1,049,587	903,071
Total liabilities	1,666,350	1,800,045	6,639,893	6,863,541	8,306,243	8,663,586
Net Position:						
Net Investment in						
Capital assets	27,560,629	27,339,656	12,925,583	12,352,795	40,486,212	39,692,451
Restricted	196,402	189,734	-	-	196,402	189,734
Unrestricted	939,766	1,091,770	1,421,618	2,151,958	2,361,384	3,243,728
Total net position	28,696,797	\$ 28,621,160	14,347,201	\$14,504,753	43,043,998	\$ 43,125,913

The Town's total net position for fiscal year 2016 decreased by 0.19% or \$81,915. The Town's assets exceed liabilities by \$43,043,998 (net position) as of December 31, 2016. By far the largest portion of net position (94.06%) 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 (0.46%) represents resources that are subject to various debt provisions, contracts and agreements on how they may be used. The remaining balance of \$2,361,384 is unrestricted and can be used to meet the Town's ongoing obligations to its citizens and creditors.

Normal Impacts

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

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

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

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

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

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

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

Summary of GASB Statement 54

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

We present the following summary of new fund balance terminology:

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

STATEMENT OF ACTIVITIES

The Statement of Activities (pg. 2) takes into consideration the Town as a whole and reflects the change in net assets for fiscal year 2016.

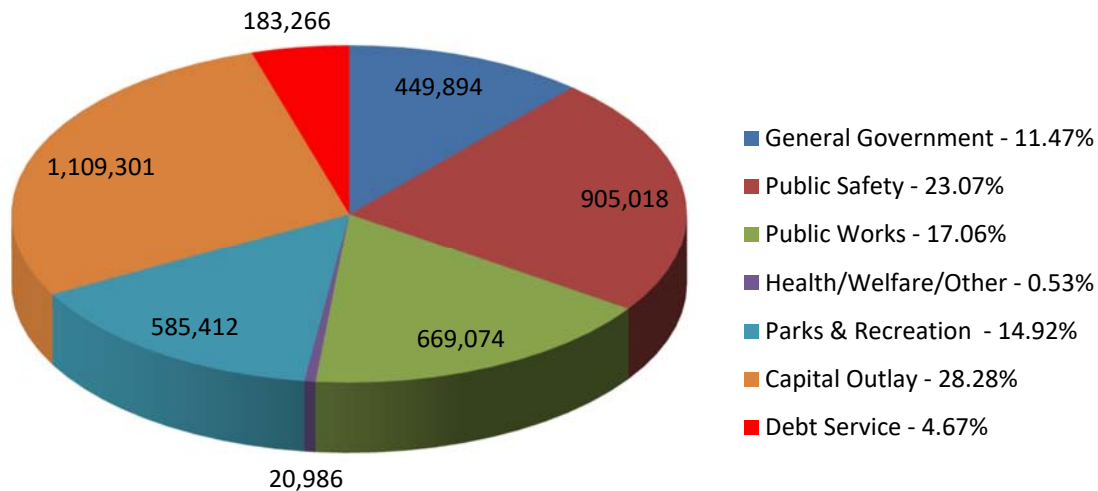
	Governmental		Business Type		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	271,955	210,227	2,222,727	2,159,041	2,494,682	2,369,268
Operating Grants		213,938				213,938
Capital Grants	<u>1,084,255</u>	<u>367,108</u>	<u>357,684</u>	<u>180,141</u>	<u>1,441,939</u>	<u>547,249</u>
Total Program Revenues	<u>1,356,210</u>	<u>791,273</u>	<u>2,580,411</u>	<u>2,339,182</u>	<u>3,936,621</u>	<u>3,130,455</u>
General Revenues						
Sales and Use Taxes	1,380,243	1,327,836			1,380,243	1,327,836
Property Taxes	428,188	361,747			428,188	361,747
Franchise Taxes	116,763	116,307			116,763	116,307
Other Taxes	261,565	518,591		11,347	261,565	518,591
Investment Income	10,555	3,600	160	137	10,715	3,737
Developer						
Reimbursement	25,729	46,494			25,729	46,494
Contributed assets						
Other Revenues	198,362	118,857	12,749		211,111	130,204
Transfers						
Total General Revenues	<u>2,421,405</u>	<u>2,493,432</u>	<u>12,909</u>	<u>11,484</u>	<u>2,434,314</u>	<u>2,504,916</u>
Total Revenue	<u>3,777,615</u>	<u>3,284,705</u>	<u>2,593,320</u>	<u>2,350,666</u>	<u>6,370,935</u>	<u>5,635,371</u>
Expenses:						
General Government	492,218	424,135			492,218	424,135
Public Safety	974,720	906,722			974,720	906,722
Public Works	1,507,509	1,349,938			1,507,509	1,349,938
Parks & Recreation	658,328	642,069			658,328	642,069
Health & Welfare	20,986	20,009			20,986	20,009
Water			1,094,420	992,373	1,094,420	992,373
Wastewater			1,149,363	1,146,182	1,149,363	1,146,182
Sanitation			278,770	223,164	278,770	223,164
Interest	48,217	46,252	228,319	238,064	276,536	284,316
Total Expenses	<u>3,701,978</u>	<u>3,389,125</u>	<u>2,750,872</u>	<u>2,599,783</u>	<u>6,452,850</u>	<u>5,988,908</u>
Change in Net Position	<u>\$75,637</u>	<u>\$(104,420)</u>	<u>\$(157,552)</u>	<u>\$(249,117)</u>	<u>\$(81,915)</u>	<u>\$(353,537)</u>

Governmental Activities

Taxes comprise the largest source of operating revenue for the Town's governmental activities, 2016 tax source revenue was \$2,186,759, which is 57.89% of total revenues from governmental activities. Property taxes of \$428,188 represent 19.58% of total tax revenue. Charges for services equaled \$271,955 representing 7.20% of total revenues.

The cost of governmental activities (excluding capital outlay) in 2016 was \$2,813,650 compared to \$2,602,662 in 2015, an 8.11% 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:

ACTIVITY	EXPENDITURES		% CHANGE
	2016	2015	
General Government	\$ 449,894	\$ 392,601	14.59
Public Safety	\$ 905,018	\$ 863,602	4.80
Public Works	\$ 669,074	\$ 586,722	14.04
Health/Welfare/Other	\$ 20,986	\$ 20,009	4.88
Parks & Recreation	\$ 585,412	\$ 557,398	5.03
Capital Outlay	\$1,109,301	\$ 905,486	22.51
Debt Service	\$ 183,266	\$ 182,330	0.51

Business-type Activities (pg. 7)

Total 2016 operating revenue from the Town's business-type activities increased by \$65,088 compared to 2015; operating expenses for 2016 increased by \$160,834 compared to 2015.

Total business type net position during 2016 decreased by \$157,552, mainly due to depreciation expense.

Fund Balance

At the end of 2016, the Town's governmental funds reported a combined fund balance of \$1,208,420 (pg. 4). This is a decrease of \$145,336 compared to the prior years ending balance. Of this total balance \$541,509 is unassigned and available to finance the Town's future operations and programs; \$17,554 is prepaid non-spendable funds; \$161,000 is restricted for emergencies, \$149,835 is restricted for Conservation Trust Fund approved expenses, \$35,402 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), \$6,823 is committed for Police training (Ord. #383 & 2007-4), \$5,494 is committed for Burning Mtn. Ave street maintenance (9/1995 SIA Agreement), \$230,553 is committed for traffic impacts (Ord. # 2002-17); and \$52,000 is assigned for a solar system purchase.

At year end the business-type activities reported total net position of \$14,347,201, a decrease of \$157,552. Of this total net position \$1,421,618 is unrestricted (pg. 6).

Budgetary Highlights – General Fund – (pg. 26)

Town Council approved one supplement to the 2016 General Fund budget. The original appropriation of \$3,612,479 was increased by \$452,811 or 12.53% to \$4,065,290. The supplemental budget amount was to cover the additional expense related to donated land and art, police vehicles, trail development, economic development, recreation programs and street maintenance. The Town received \$157,372 in Mineral Lease and Severance Tax direct distributions from the state, this is \$32,628 less than was budgeted and \$289,587 less than the 2015 distribution. The original 2016 General Fund budget included \$182,488 from reserves, as of 12/31/16 the General Fund balance decreased by \$198,099 for the year.

General Fund revenue for 2016 was \$289,640 over the original budget amount. This is mainly due to grants received, building permit revenue, and sales tax receipts. General Fund Expenditures for 2016 were \$305,251 more than the original budget projections mainly due to additional capital expenditures, contributed assets, recreation and street expenditures.

Capital Assets and Debt Administration

At year end the Town had \$47,670,616 invested in a broad range of capital assets including land and improvements, buildings, parks and equipment, vehicles, equipment, and water and sewer plants and distribution and collection systems. This is an increase of \$289,902 or 0.61% from the 2015 year end amount.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$15,332,000	\$15,297,000	\$469,741	\$469,741	\$15,801,741	\$15,766,741
Water Rights			516,282	516,282	516,282	516,282
Buildings and Improvements	3,630,247	3,542,493	14,828,536	14,828,536	18,458,783	18,381,029
Distributions/Collection Systems			11,149,728	11,149,728	11,149,728	11,149,728
Infrastructure	17,312,532	16,063,178			17,312,532	16,063,178
Property and Equipment	1,264,386	1,171,955	373,675	330,583	1,638,061	1,502,538
Construction in Process	<u>255,752</u>	<u>649,646</u>	<u>1,243,866</u>	<u>375,899</u>	<u>1,499,618</u>	<u>1,025,545</u>
Less Accumulated Depreciation	<u>(9,317,774)</u>	<u>(8,350,630)</u>	<u>(9,388,355)</u>	<u>(8,663,697)</u>	<u>(18,706,129)</u>	<u>(17,014,327)</u>
Total Capital Assets	<u>\$28,477,143</u>	<u>\$28,373,642</u>	<u>\$19,193,473</u>	<u>\$19,007,072</u>	<u>\$47,670,616</u>	<u>\$47,380,714</u>

During 2016 the Town acquired 2 new public safety SUV's, a down town lot, a statue, completed the main street st-scape project and continued construction on the water treatment plant expansion. Significant capital assets added during 2016 are shown below.

Significant 2016 Capital Asset Additions

Down Town Lot (Donation)	\$ 35,000
Pyro Memorial Statue (Donation)	\$ 111,343
2- Public Safety SUV's	\$ 120,112
Main Street St-Scape	\$ 190,850
Street Overlay	\$ 609,266
Water Treatment Plant Expansion (Constr. In Process)	<u>\$ 867,967</u>
Total	<u>\$ 1,934,538</u>

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
1999 Wastewater Loan			84,699	116,026	84,699	116,026
2004 Water Loan			546,606	564,603	546,606	564,603
2008 Wastewater Loan			5,636,585	5,973,648	5,636,585	5,973,648
Notes Payable	549,276	585,704			549,276	585,704
Capital Leases	74,661	102,282			74,661	102,282
GO Bonds, Series 2010	275,000	346,000			275,000	346,000
Accrued Absences	89,829	72,252			89,829	72,252
Total Long-term Obligations	<u>988,766</u>	<u>1,106,238</u>	<u>6,267,890</u>	<u>6,654,277</u>	<u>7,256,656</u>	<u>7,760,515</u>

Economic and Other Factors

The Town of New Castle's financial trend continues to improve. Twenty-nine building permits for single family residences were issued in 2016 and through June 30, 2017 seventeen permits have been issued. Homes for sale have been moving at a good pace with selling prices on the increase; in addition, the residential rental market continues to be very tight. The increase in new housing units will have a positive impact on property taxes collected in future years. The Lakota Ridge Senior Apartments, LLLP anticipates commencing construction of a 50 unit apartment complex in New Castle during the summer of 2017. Even though 2016 year end General Fund unassigned reserves decreased by \$ 161,312, there are positive trends in the local economy and therefore in the Town's financial outlook. Capital projects completed during 2016 are enhancing the health and wellness of citizens and visitors alike.

The Town continues to partner with several local trails groups to enhance and increase the number of hiking and bike trails in the area. The down town street-scape project completed in 2016 is providing benefits to the businesses in the area. One restaurant has remodeled their store front and has seen a nice increase in customers.

During the first five months of 2017, town sales tax revenues increased 3.42% compared to the same period in 2016, and increased 29.25% from the same period of 2010.

Town staffing has increased by two to 33.0 FTEs; the Town also hires some additional seasonal and part-time positions. The Town has hired a full time building inspector who is being trained; therefore some of the inspections are still being completed by a contract firm.

The Town applied for and was awarded a \$814,554 grant from the Colorado Department of Local Affairs to increase the capacity of the water treatment plant. This project, which is near completion, will provide more treatment capacity during high turbidity times and is also needed for the anticipated increase in population.

Financial Contact

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

BASIC FINANCIAL STATEMENTS

TOWN OF NEW CASTLE, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2016

	GOVERNMENTAL	BUSINESS TYPE	TOTALS	
	ACTIVITIES	ACTIVITIES	2016	2015
ASSETS				
Cash and Investments	\$ 1,168,809	\$ 1,560,107	\$ 2,728,916	\$ 3,421,724
Receivables				
Property Taxes	419,199	-	419,199	423,774
Sales and Other	26,176	-	26,176	32,968
Accounts	-	233,514	233,514	238,470
Due from Other Governments	254,266	-	254,266	238,381
Prepaid Expenses	17,554	-	17,554	23,468
Deposit	-	-	-	30,000
Capital Assets, not Depreciated	15,587,752	2,229,889	17,817,641	17,308,568
Capital Assets, Depreciated, Net of Accumulated Depreciation	12,889,391	16,963,584	29,852,975	30,072,146
TOTAL ASSETS	30,363,147	20,987,094	51,350,241	51,789,499
LIABILITIES				
Accounts Payable	38,755	216,360	255,115	110,627
Accrued Expenses	45,478	71,808	117,286	95,355
Accrued Interest	-	83,835	83,835	83,835
Developer Escrow	174,152	-	174,152	189,480
Noncurrent Liabilities				
Due within One Year	164,097	394,061	558,158	539,738
Due in More Than One Year	824,669	5,873,829	6,698,498	7,220,777
TOTAL LIABILITIES	1,247,151	6,639,893	7,887,044	8,239,812
DEFERRED INFLOWS				
Deferred Property Tax Revenue	419,199	-	419,199	423,774
NET POSITION				
Investment in Capital Assets	27,560,629	12,925,583	40,486,212	39,692,451
Restricted for Emergencies	161,000	-	161,000	161,000
Restricted for Cemetery Care	35,402	-	35,402	28,734
Unrestricted	939,766	1,421,618	2,361,384	3,243,728
TOTAL NET POSITION	\$ 28,696,797	\$ 14,347,201	\$ 43,043,998	\$ 43,125,913

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

TOWN OF NEW CASTLE , COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR</u>	<u>OPERATING</u>	<u>CAPITAL</u>
<u>PRIMARY GOVERNMENT</u>		<u>SERVICES</u>	<u>GRANTS AND</u>	<u>GRANTS AND</u>
Governmental Activities			<u>CONTRIBUTIONS</u>	<u>CONTRIBUTIONS</u>
General Government	\$ 492,218	\$ 99,443	\$ -	\$ -
Public Safety	974,720	42,881	-	-
Public Works	1,507,509	-	-	1,033,224
Health and Welfare	20,986	6,000	-	-
Parks and Recreation	658,328	123,631	-	51,031
Interest on Long-Term Debt	48,217	-	-	-
Total Governmental Activities	3,701,978	271,955	-	1,084,255
Business-Type Activities				
Water	1,094,420	848,066	-	278,418
Wastewater	1,149,363	1,112,555	-	79,266
Trash	278,770	262,106	-	-
Interest on Long-Term Debt	228,319	-	-	-
Total Business-Type Activities	2,750,872	2,222,727	-	357,684
Total Primary Government	\$ 6,452,850	\$ 2,494,682	\$ -	\$ 1,441,939

GENERAL REVENUES

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

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

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	
		2016	2015
\$ (392,775)	\$ -	\$ (392,775)	\$ (327,244)
(931,839)	-	(931,839)	(693,308)
(474,285)	-	(474,285)	(1,119,068)
(14,986)	-	(14,986)	(20,009)
(483,666)	-	(483,666)	(391,971)
(48,217)	-	(48,217)	(46,252)
(2,345,768)	-	(2,345,768)	(2,597,852)
-	32,064	32,064	(84,090)
-	42,458	42,458	36,845
-	(16,664)	(16,664)	24,708
-	(228,319)	(228,319)	(238,064)
-	(170,461)	(170,461)	(260,601)
(2,345,768)	(170,461)	(2,516,229)	(2,858,453)
1,380,243	-	1,380,243	1,327,836
428,188	-	428,188	361,747
16,169	-	16,169	14,507
116,763	-	116,763	116,307
245,396	-	245,396	504,084
10,555	160	10,715	3,737
25,729	-	25,729	46,494
198,362	12,749	211,111	130,204
2,421,405	12,909	2,434,314	2,504,916
75,637	(157,552)	(81,915)	(353,537)
28,621,160	14,504,753	43,125,913	43,479,450
<u>\$ 28,696,797</u>	<u>\$ 14,347,201</u>	<u>\$ 43,043,998</u>	<u>\$ 43,125,913</u>

TOWN OF NEW CASTLE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2016

	GENERAL	NON-MAJOR	TOTAL	
	FUND	GOVERNMENTAL	GOVERNMENTAL	
		FUNDS	FUNDS	
			2016	2015
ASSETS				
Cash and Investments	\$ 983,572	\$ 185,237	\$ 1,168,809	\$ 1,298,972
Taxes Receivable	419,199	-	419,199	423,774
Due from Other Governments	254,266	-	254,266	238,381
Accounts Receivable	26,176	-	26,176	32,968
Deposits	-	-	-	30,000
Prepaid Expenses	17,554	-	17,554	23,468
TOTAL ASSETS	<u>\$ 1,700,767</u>	<u>\$ 185,237</u>	<u>\$ 1,886,004</u>	<u>\$ 2,047,563</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 38,755	\$ -	\$ 38,755	\$ 46,387
Accrued Expenses	45,478	-	45,478	34,166
Deposits and Escrow	174,152	-	174,152	189,480
TOTAL LIABILITIES	<u>258,385</u>	<u>-</u>	<u>258,385</u>	<u>270,033</u>
DEFERRED INFLOWS				
Deferred Property Taxes	<u>419,199</u>	<u>-</u>	<u>419,199</u>	<u>423,774</u>
Fund Balance				
Nonspendable	17,554	-	17,554	53,468
Restricted	161,000	185,237	346,237	293,474
Committed	251,120	-	251,120	255,993
Assigned	52,000	-	52,000	48,000
Unassigned	<u>541,509</u>	<u>-</u>	<u>541,509</u>	<u>702,821</u>
TOTAL FUND EQUITY	<u>1,023,183</u>	<u>185,237</u>	<u>1,208,420</u>	<u>1,353,756</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	<u>\$ 1,700,767</u>	<u>\$ 185,237</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.	28,477,143	28,373,642
Long-term liabilities are not due and payable in the current period and are not reported in the funds. This includes Bonds Payable (\$275,000), Capital Leases (\$74,661), notes payable (\$549,276) and Accrued Compensated Absences (\$89,829).	(988,766)	(1,106,238)
Net position of governmental activities	<u>\$ 28,696,797</u>	<u>\$ 28,621,160</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, 2016

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
			2016	2015
REVENUES				
Taxes	\$ 2,010,588	\$ -	\$ 2,010,588	\$ 1,877,525
Licenses and Permits	99,443	-	99,443	94,491
Intergovernmental	1,216,412	51,031	1,267,443	1,028,002
Charges for Services	123,631	6,000	129,631	83,239
Court	35,864	-	35,864	32,497
Developer Reimbursements	25,729	-	25,729	46,494
Sale of Assets	12,194	-	12,194	-
Interest	9,602	953	10,555	3,600
Miscellaneous	186,168	-	186,168	118,857
TOTAL REVENUES	3,719,631	57,984	3,777,615	3,284,705
EXPENDITURES				
General Government	449,894	-	449,894	392,601
Public Safety	905,018	-	905,018	863,602
Public Works	669,074	-	669,074	586,722
Health and Welfare	20,714	272	20,986	20,009
Parks and Recreation	580,463	4,949	585,412	557,398
Debt Service				
Principal	135,049	-	135,049	136,078
Interest	48,217	-	48,217	46,252
Capital Outlay	1,109,301	-	1,109,301	905,486
TOTAL EXPENDITURES	3,917,730	5,221	3,922,951	3,508,148
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(198,099)	52,763	(145,336)	(223,443)
OTHER FINANCING USES				
Proceeds from Capital Lease	-	-	-	136,260
TOTAL OTHER FINANCING USES	-	-	-	136,260
NET CHANGE IN FUND BALANCES	(198,099)	52,763	(145,336)	(87,183)
FUND BALANCES, Beginning	1,221,282	132,474	1,353,756	1,440,939
FUND BALANCES, Ending	\$ 1,023,183	\$ 185,237	\$ 1,208,420	\$ 1,353,756

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, 2016

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (145,336)
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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 capital outlay \$1,098,326 exceeded depreciation (\$994,825) in the current period.	103,501
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Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include a payments of Capital Leases of \$27,621, payments on bonds payable \$71,000, payments on notes payable \$36,428 and change in Accrued Compensated Absences of (\$17,577).	<u>117,472</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 75,637</u></u>
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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, 2016

	2016	2015
ASSETS		
Current Assets		
Cash and Investments	\$ 1,560,107	\$ 2,122,752
Accounts Receivable	233,514	238,470
Total Current Assets	1,793,621	2,361,222
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	19,193,473	19,007,072
Total Noncurrent Assets	19,193,473	19,007,072
TOTAL ASSETS	20,987,094	21,368,294
LIABILITIES		
Current Liabilities		
Accounts Payable	216,360	64,240
Accrued Expenses	70,448	59,829
Accrued Interest Payable	83,835	83,835
Notes Payable, Current	394,061	386,387
Total Current Liabilities	764,704	594,291
Noncurrent Liabilities		
Deposits	1,360	1,360
Notes Payable, Long Term	5,873,829	6,267,890
Total Noncurrent Liabilities	5,875,189	6,269,250
TOTAL LIABILITIES	6,639,893	6,863,541
NET POSITION		
Net Investment in Capital Assets	12,925,583	12,352,795
Unrestricted	1,421,618	2,151,958
TOTAL NET POSITION	\$ 14,347,201	\$ 14,504,753

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, 2016

	2016	2015
OPERATING REVENUES		
Water Sales	\$ 848,066	\$ 807,408
Wastewater Sales	1,112,555	1,103,761
Trash Sales	262,106	247,872
Other Revenues	12,749	11,347
TOTAL OPERATING REVENUES	2,235,476	2,170,388
OPERATING EXPENSES		
Water	1,094,420	992,373
Wastewater	1,149,363	1,146,182
Trash	278,770	223,164
TOTAL OPERATING EXPENSES	2,522,553	2,361,719
OPERATING LOSS	(287,077)	(191,331)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	160	137
Interest Expense	(228,319)	(238,064)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(228,159)	(237,927)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(515,236)	(429,258)
CONTRIBUTIONS AND TRANSFERS		
Capital Contributions	357,684	180,141
Transfers In	-	-
TOTAL CONTRIBUTIONS AND TRANSFERS	357,684	180,141
NET INCOME (LOSS)	(157,552)	(249,117)
NET POSITION, Beginning	14,504,753	14,753,870
NET POSITION, Ending	\$ 14,347,201	\$ 14,504,753

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, 2016
 Increase (Decrease) in Cash and Cash Equivalents

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 2,240,432	\$ 2,161,730
Cash Paid to Suppliers	(1,070,301)	(1,033,374)
Cash Paid to Employees	(564,855)	(568,262)
Net Cash Provided by Operating Activities	<u>605,276</u>	<u>560,094</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Fixed Assets	(911,059)	(180,631)
Note Payments	(386,387)	(378,812)
Interest Payments	(228,319)	(238,064)
Tap Fees and Capital Contributions	357,684	180,141
Net Cash Used by Capital and Related Financing Activities	<u>(1,168,081)</u>	<u>(617,366)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>160</u>	<u>137</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(562,645)	(57,135)
CASH AND CASH EQUIVALENTS, Beginning	<u>2,122,752</u>	<u>2,179,887</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,560,107</u>	<u>\$ 2,122,752</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	<u>\$ (287,077)</u>	<u>\$ (191,331)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	724,658	739,943
Changes in Assets and Liabilities		
Accounts Receivable	4,956	(8,658)
Accounts Payable	152,120	20,140
Accrued Expenses	10,619	-
Total Adjustments	<u>892,353</u>	<u>751,425</u>
Net Cash Provided by Operating Activities	<u>\$ 605,276</u>	<u>\$ 560,094</u>

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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, 2016

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, 2016

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, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

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

Compensated Absences

Employees of the Town are allowed to accumulate unused vacation time up to 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, 2016

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

Fund Balance Classification

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at December 31, 2016, by the Town are nonspendable in form as Prepaid Expenses.
- 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, 2016:

Emergency Reserves	\$ 161,000
Parks and Recreation	149,835
Cemetery Care	<u>35,402</u>
Total	<u>\$ 346,237</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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, 2016:

Support of Volunteer Ambulance Service	\$ 8,250
Police Training	6,823
Burning Mountain Avenue Street Maintenance	5,494
Traffic Impacts	<u>230,553</u>
Total	<u>\$ 251,120</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, 2016:

Solar System Purchase	<u>\$ 52,000</u>
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- **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, 2016

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, 2016

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, 2016 follows:

Petty Cash	\$ 240
Cash Deposits	1,228,360
Investments	<u>1,500,316</u>
Total	<u>\$ 2,728,916</u>

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

Governmental Activities	\$ 1,168,809
Business-Type Activities	<u>1,560,107</u>
Total	<u>\$ 2,728,916</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, 2016, 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, 2016

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, 2016, the Town had deposits with financial institutions with a carrying amount of \$1,228,360. The bank balances with the financial institutions were \$1,390,337. Of these balances, \$500,000 was covered by federal depository insurance and \$890,337 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, 2016

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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.

The Town had invested \$758,638 in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is considered to be a 2a7 like investments and is valued using the NAV per share (or its equivalent) of the investments. The 2a-7 like investments do not have any unfunded commitments, redemption restrictions or redemption notice periods. The 2a-7 like investments conform to Colorado Statutes CRS 24-75-601 et. seq. and therefore invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, highly rated corporate bonds, Colorado depositories collateralized at 102% of market value according to the guidelines of the Public Deposit Protection Act. The investments will conform to its Permitted Investments and will meet Standard & Poor's investment guidelines to achieve an AAAM rating, the highest attainable rating for a Local Government Investment Pool.

The Town had invested \$741,678 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. This investment is valued using Level 2 inputs.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2016 is summarized below:

	Balances <u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/16</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 15,297,000	\$ 35,000	\$ -	\$ 15,332,000
Construction in Progress	<u>649,646</u>	<u>4,949</u>	<u>398,843</u>	<u>255,752</u>
Total Capital Assets, not depreciated	<u>15,946,646</u>	<u>39,949</u>	<u>398,843</u>	<u>15,587,752</u>
Capital Assets, depreciated				
Buildings	3,542,493	87,754	-	3,630,247
Machinery and Equipment	1,171,955	120,112	27,681	1,264,386
Infrastructure	<u>16,063,178</u>	<u>1,249,354</u>	<u>-</u>	<u>17,312,532</u>
Total Capital Assets, depreciated	<u>20,777,626</u>	<u>1,457,220</u>	<u>27,681</u>	<u>22,207,165</u>
Less Accumulated Depreciation				
Buildings	1,558,908	101,702	-	1,660,610
Machinery and Equipment	971,860	87,376	27,681	1,031,555
Infrastructure	<u>5,819,862</u>	<u>805,747</u>	<u>-</u>	<u>6,625,609</u>
Total Accumulated Depreciation	<u>8,350,630</u>	<u>994,825</u>	<u>27,681</u>	<u>9,317,774</u>
Total Capital Assets, depreciated, Net	<u>12,426,996</u>	<u>462,395</u>	<u>-</u>	<u>12,889,391</u>
Governmental Activities, Capital Assets, Net	<u>\$ 28,373,642</u>	<u>\$ 502,344</u>	<u>\$ 398,843</u>	<u>\$ 28,477,143</u>
	Balances <u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/16</u>
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 469,741	\$ -	\$ -	\$ 469,741
Water Rights	516,282	-	-	516,282
Construction in Process	<u>375,899</u>	<u>867,967</u>	<u>-</u>	<u>1,243,866</u>
Total Capital Assets, not depreciated	<u>1,361,922</u>	<u>867,967</u>	<u>-</u>	<u>2,229,889</u>
Capital Assets, depreciated				
Buildings and Improvements	14,828,536	-	-	14,828,536
Distribution and Collection	11,149,728	-	-	11,149,728
Machinery and Equipment	<u>330,583</u>	<u>43,092</u>	<u>-</u>	<u>373,675</u>
Total Capital Assets, depreciated	<u>26,308,847</u>	<u>43,092</u>	<u>-</u>	<u>26,351,939</u>
Less: Accumulated Depreciation				
Buildings and Improvements	4,160,742	447,902	-	4,608,644
Distribution and Collection	4,340,598	250,243	-	4,590,841
Machinery and Equipment	<u>162,357</u>	<u>26,513</u>	<u>-</u>	<u>188,870</u>
Total Accumulated Depreciation	<u>8,663,697</u>	<u>724,658</u>	<u>-</u>	<u>9,388,355</u>
Total Capital Assets, depreciated, Net	<u>17,645,150</u>	<u>(681,566)</u>	<u>-</u>	<u>16,963,584</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 19,007,072</u>	<u>\$ 186,401</u>	<u>\$ -</u>	<u>\$ 19,193,473</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: CAPITAL ASSETS (Continued)

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

Governmental Activities

General Government	\$ 24,747
Public Safety	69,702
Public Works	827,460
Parks and Recreation	<u>72,916</u>
Total	<u>\$ 994,825</u>

Business-type Activities

Water	\$ 246,842
Sewer	<u>477,816</u>
Total	<u>\$ 724,658</u>

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, 2016.

	Balance <u>12/31/15</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/16</u>	Due In <u>One Year</u>
GO Bonds, Series 2010	\$ 346,000	\$ -	\$ 71,000	\$ 275,000	\$ 74,000
Capital Leases	102,282	-	27,621	74,661	29,336
Notes Payable	585,704	-	36,428	549,276	38,304
Accrued Compensated Absences	<u>72,252</u>	<u>17,577</u>	<u>-</u>	<u>89,829</u>	<u>22,457</u>
Total	<u>\$ 1,106,238</u>	<u>\$ 17,577</u>	<u>\$ 135,049</u>	<u>\$ 988,766</u>	<u>\$ 164,097</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.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: LONG-TERM DEBT(Continued)

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.

Future Debt Service Requirements

Annual debt service requirements for the Notes and Bonds Payable at December 31, 2016 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 112,304	\$ 36,578	\$ 148,882
2018	117,014	31,170	148,184
2019	122,800	25,332	148,132
2020	86,666	19,050	105,716
2021	45,615	15,940	61,555
2022-2026	260,496	47,281	307,777
2027-2028	<u>79,381</u>	<u>2,453</u>	<u>81,834</u>
Total Debt Service Requirements	<u>\$ 824,276</u>	<u>\$ 177,804</u>	<u>\$ 1,002,080</u>

Following is a schedule of the future minimum lease payments required under the capital lease obligations at December 31, 2016:

<u>Year Ended December 31,</u>	
2017	\$ 33,978
2018	33,978
2019	<u>15,052</u>
Total Minimum Lease Payments	83,008
Less: Interest	<u>(8,347)</u>
Present Value of Minimum Lease Payments	<u>\$ 74,661</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: LONG-TERM DEBT(Continued)

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2016.

	Balance <u>12/31/15</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/16</u>	Due In <u>One Year</u>
1999 CWRPDA Loan	\$ 116,026	\$ -	\$ 31,327	\$ 84,699	\$ 32,754
2004 CWCB Loan	564,603	-	17,997	546,606	18,807
2008 CWRPDA Loan	<u>5,973,648</u>	<u>-</u>	<u>337,063</u>	<u>5,636,585</u>	<u>342,500</u>
Total	<u>\$ 6,654,277</u>	<u>\$ -</u>	<u>\$ 386,387</u>	<u>\$ 6,267,890</u>	<u>\$ 394,061</u>

Loans Payable

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

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

2004 Colorado Water Conservation Board (CWCB) Loan

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

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

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: LONG-TERM DEBT(Continued)

Future Debt Service Requirements

Annual debt service requirements for the outstanding loans at December 31, 2016 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 394,061	\$ 218,541	\$ 612,602
2018	407,269	208,747	616,016
2019	397,049	198,765	595,814
2020	391,144	186,691	577,835
2021	397,547	178,269	575,816
2022-2026	2,123,412	756,496	2,879,908
2027-2031	2,001,689	339,374	2,341,063
2032-2035	<u>155,719</u>	<u>17,903</u>	<u>173,622</u>
Total Debt Service Requirements	<u>\$ 6,267,890</u>	<u>\$ 2,104,786</u>	<u>\$ 8,372,676</u>

NOTE 6: RETIREMENT COMMITMENTS

Employee Pension Plan

The Town contributes to a multiple employer defined contribution retirement plan administered by the Colorado Officials and Employees Retirement Association. Every employee who is employed by the Town 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 year ended December 31, 2016, employer and employees contributed \$72,976 equal to their required contributions.

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 7: PUBLIC ENTITY RISK POOL

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

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

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

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

NOTE 8: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

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

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2016, the emergency reserve of \$161,000 was recorded in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NEW CASTLE, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	2016			VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes	\$ 1,972,529	\$ 1,972,529	\$ 2,010,588	\$ 38,059	\$ 1,877,525
Licenses and Permits	64,200	64,200	99,443	35,243	94,491
Intergovernmental	1,191,400	1,191,400	1,216,412	25,012	984,098
Charges for Services	110,030	110,030	123,631	13,601	80,839
Court	19,150	19,150	35,864	16,714	32,497
Developer Reimbursements	20,000	20,000	25,729	5,729	46,494
Interest	2,420	2,420	9,602	7,182	3,568
Sale of Assets	31,200	31,200	12,194	(19,006)	-
Miscellaneous	19,062	19,062	186,168	167,106	118,857
TOTAL REVENUES	<u>3,429,991</u>	<u>3,429,991</u>	<u>3,719,631</u>	<u>289,640</u>	<u>3,238,369</u>
EXPENDITURES					
Current					
General Government	521,540	569,540	449,894	119,646	392,601
Public Safety	888,310	940,289	905,018	35,271	863,602
Public Works	510,082	510,082	669,074	(158,992)	586,722
Health and Welfare	21,400	21,400	20,714	686	19,712
Parks and Recreation	539,515	567,393	580,463	(13,070)	534,861
Capital Outlay	973,119	1,298,073	1,109,301	188,772	905,486
Debt Service					
Principal	108,867	108,867	135,049	(26,182)	136,078
Interest	49,646	49,646	48,217	1,429	46,252
TOTAL EXPENDITURES	<u>3,612,479</u>	<u>4,065,290</u>	<u>3,917,730</u>	<u>147,560</u>	<u>3,485,314</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(182,488)</u>	<u>(635,299)</u>	<u>(198,099)</u>	<u>437,200</u>	<u>(246,945)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Capital Lease	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,260</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,260</u>
NET CHANGE IN FUND BALANCE	(182,488)	(635,299)	(198,099)	437,200	(110,685)
FUND BALANCE, Beginning	<u>1,052,608</u>	<u>1,052,608</u>	<u>1,221,282</u>	<u>168,674</u>	<u>1,331,967</u>
FUND BALANCE, Ending	<u>\$ 870,120</u>	<u>\$ 417,309</u>	<u>\$ 1,023,183</u>	<u>\$ 605,874</u>	<u>\$ 1,221,282</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, 2016

	SPECIAL REVENUE FUND CONSERVATION TRUST FUND	PERMANENT FUND CEMETERY TRUST FUND	TOTALS	
			2016	2015
ASSETS				
Cash	\$ 149,835	\$ 35,402	\$ 185,237	\$ 132,474
FUND EQUITY				
Fund Balance				
Restricted for Cemetery Care	\$ -	\$ 35,402	\$ 35,402	\$ 28,734
Restricted for Park and Recreation	149,835	-	149,835	103,740
TOTAL FUND EQUITY	149,835	35,402	185,237	132,474
TOTAL LIABILITIES AND FUND BALANCES	\$ 149,835	\$ 35,402	\$ 185,237	\$ 132,474

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, 2016

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTALS	
	CONSERVATION TRUST FUND	CEMETERY TRUST FUND	2016	2015
REVENUES				
Intergovernmental	\$ 51,031	\$ -	\$ 51,031	\$ 43,904
Charges for Services	-	6,000	6,000	2,400
Interest	13	940	953	32
TOTAL REVENUES	51,044	6,940	57,984	46,336
EXPENDITURES				
Health and Welfare	-	272	272	297
Parks and Recreation	4,949	-	4,949	22,537
TOTAL EXPENDITURES	4,949	272	5,221	22,834
NET CHANGE IN FUND BALANCES	46,095	6,668	52,763	23,502
FUND BALANCES, Beginning	103,740	28,734	132,474	108,972
FUND BALANCES, Ending	\$ 149,835	\$ 35,402	\$ 185,237	\$ 132,474

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 40,000	\$ 51,031	\$ 11,031	\$ 43,904
Interest	8	13	5	9
TOTAL REVENUES	40,008	51,044	11,036	43,913
EXPENDITURES				
Parks and Recreation	46,000	4,949	41,051	22,537
NET CHANGE IN FUND BALANCE	(5,992)	46,095	52,087	21,376
FUND BALANCE, Beginning	101,833	103,740	1,907	82,364
FUND BALANCE, Ending	<u>\$ 95,841</u>	<u>\$ 149,835</u>	<u>\$ 53,994</u>	<u>\$ 103,740</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

CEMETERY FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	2016			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2015 ACTUAL
REVENUES				
Sale of Plots	\$ 1,200	\$ 6,000	\$ 4,800	\$ 2,400
Interest and Other	16	940	924	23
TOTAL REVENUES	1,216	6,940	5,724	2,423
EXPENDITURES				
Health and Welfare	2,000	272	1,728	297
NET CHANGE IN FUND BALANCE	(784)	6,668	7,452	2,126
FUND BALANCE, Beginning	16,626	28,734	12,108	26,608
FUND BALANCE, Ending	<u>\$ 15,842</u>	<u>\$ 35,402</u>	<u>\$ 19,560</u>	<u>\$ 28,734</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

UTILITY FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	2016			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2015 ACTUAL
REVENUES				
Water Sales	\$ 789,200	\$ 848,066	\$ 58,866	\$ 807,408
Wastewater Sales	1,090,631	1,112,555	21,924	1,103,761
Trash Sales	247,500	262,106	14,606	247,872
Tap Fees and Contributions	796,000	357,684	(438,316)	180,141
Interest	118	160	42	137
Other Revenues	16,310	12,749	(3,561)	11,347
TOTAL REVENUES	2,939,759	2,593,320	(346,439)	2,350,666
EXPENDITURES				
Water	876,675	847,578	29,097	729,578
Wastewater	751,075	671,547	79,528	669,034
Trash	247,100	278,770	(31,670)	223,164
Debt Service	614,706	614,706	-	616,876
Capital Outlay	1,348,713	911,059	437,654	180,631
TOTAL EXPENDITURES	3,838,269	3,323,660	514,609	2,419,283
NET INCOME, Budget Basis	\$ (898,510)	(730,340)	\$ 168,170	(68,617)
GAAP BASIS ADJUSTMENTS				
Capital Outlay		911,059		180,631
Loan Principal Payments		386,387		378,812
Depreciation		(724,658)		(739,943)
NET INCOME, GAAP Basis		(157,552)		(249,117)
NET POSITION, Beginning		14,504,753		14,753,870
NET POSITION, Ending		\$ 14,347,201		\$ 14,504,753

See the accompanying independent auditors' report.

COMPLIANCE

Calendar Year 2016

LOCAL HIGHWAY FINANCE REPORT

COUNTY/CITY:New Castle

II - RECEIPTS FOR ROAD AND STREET PURPOSES

A. Receipts from local sources

2. General Fund Appropriations:	\$	491,419.00
3. Other local imposts: <i>from A.3. Total' below)</i>	\$	536,887.00
4. Miscellaneous local receipts: <i>from A.4. Total' below)</i>	\$	480,813.00
5. Transfers from toll facilities	\$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	0.00
b. Bonds - Refunding Issues:	\$	0.00
c. Notes:	\$	0.00
SubTotal:	\$	1,509,119.00
B. Private Contributions	\$	0.00

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

A.3. Other local imposts

a. Property Taxes and Assessments	\$	0.00
b. Other Local Imposts		
1. Sales Taxes:	\$	514,641.00
2. Infrastructure and Impact Fees:	\$	6,077.00
3. Liens:	\$	0.00
4. Licenses:	\$	0.00
5. Specific Ownership and/or Other:	\$	16,169.00
Total: <i>(a + b) carried to 'Other local imposts' above)</i>	\$	536,887.00

A.4. Miscellaneous local receipts

a. Interest on Investments:	\$	23.00
b. Traffic fines & Penalties:	\$	9,042.00
c. Parking Garage Fees:	\$	0.00
d. Parking Meter Fees:	\$	0.00
e. Sale of Surplus Property:	\$	0.00
f. Charges for Services:	\$	2,336.00
g. Other Misc. Receipts:	\$	8,657.00
h. Other:	\$	460,755.00
Total: <i>(a through h) carried to 'Misc local receipts' above)</i>	\$	480,813.00

C. Receipts from State Government

1. Highway User Taxes:	\$	132,023.00
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	18,799.00
d. Other:		
Comments: undefined	\$	0.00
e. Other:		
Comments: undefined	\$	0.00
Total: (1+3c,d,e)	\$	150,822.00

D. Receipts from Federal Government

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

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES**A. Local highway disbursements**

1. Capital outlay: (from A.1.d. Total Capital Outlay below)	\$	753,005.00
2. Maintenance:	\$	229,017.00
3. Road and street services		
a. Traffic control operations:	\$	9,147.00
b. Snow and ice removal:	\$	63,160.00
c. Other:	\$	55,491.00
4. General administration & miscellaneous	\$	28,009.00
5. Highway law enforcement and safety	\$	522,112.00
Total: (A.1-5)	\$	1,659,941.00

B. Debt service on local obligations

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

C. Payments to State for Highways: \$ 0.00

D. Payments to Toll Facilities: \$ 0.00

Total Disbursements: (A+B+C+D) \$ 1,659,941.00

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

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	\$ 0.00	\$ 0.00	\$ 0.00
b. Engineering Costs:	\$ 0.00	\$ 0.00	\$ 0.00
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$ 0.00
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$ 0.00
3. System Preservation:	\$ 0.00	\$ 753,005.00	\$ 753,005.00
4. System Enhancement:	\$ 0.00	\$ 0.00	\$ 0.00
5. Total Construction:			\$ 753,005.00
d. Total Capital Outlay: (Lines A.1.a. + 1.b. + 1.c.5)			\$ 753,005.00

IV. LOCAL HIGHWAY DEBT STATUS

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

V - LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C.Total Disbursements	D. Ending Balance	E. Reconciliation
\$ 0.00	\$ 1,659,941.00	\$ 1,659,941.00	\$ 0.00	\$ 0.00

Notes & Comments:
undefined

Date Submitted: 05/19/2017