

# **City of Castle Pines, Colorado**

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## **Financial Statements and Independent Auditor's Report**

**December 31, 2021**

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## Independent Auditor's Report

Honorable Mayor and the City Council  
City of Castle Pines, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Castle Pines, Colorado, as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the City of Castle Pines, Colorado's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Castle Pines, Colorado, as of December 31, 2021 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Castle Pines, Colorado and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Castle Pines, Colorado's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Castle Pines, Colorado's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Castle Pines, Colorado's ability to continue as a going concern for a reasonable period of time.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the General Fund, and retirement plan information as listed in the table of contents, 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Castle Pines, Colorado's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary comparison schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic 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 basic 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 nonmajor fund financial statements, budgetary schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

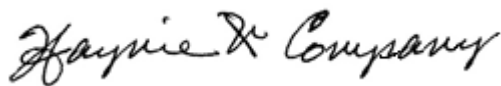
### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the The Local Highway Finance Report but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022, on our consideration of the City of Castle Pines, Colorado’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Castle Pines, Colorado’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Castle Pines, Colorado’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Haynie & Company".

Littleton, Colorado  
June 28, 2022



**City of Castle Pines, Colorado  
Management's Discussion and Analysis  
December 31, 2021**

The City of Castle Pines (City) offers readers of these financial statements an overview and analysis of the City's financial activities for the year ended December 31, 2021.

**FINANCIAL HIGHLIGHTS**

- Total assets exceeded total liabilities (net position) by \$70,569,180 at the end of the fiscal year.
- The City's total governmental funds reported an ending fund balance of \$13,858,660 at the end of the fiscal year.
- The City's General Fund reported an ending fund balance of \$6,002,159 at the end of the fiscal year, an increase of \$1,103,852 from the ending fund balance of the prior fiscal year.
- Ninety percent (90%) of the ending fund balance of the General Fund consists of \$5,400,969 in unrestricted, unassigned fund balance, which is available for spending at the City's discretion.
- Excluding a pass-through revenue and expenditure, actual General Fund revenues exceeded the original budget partly because of greater than expected sales tax revenue. In addition, General Fund revenue and expenditures exceeded the original budget because of greater than expected new home construction. The City also received unexpected funds from the federal American Rescue Act program.
- All funds were within budget.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City's financial statements. The City's financial statements are comprised of three primary components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all City positions and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing changes in the City's net position during the fiscal year. Changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements identify functions of the City that are primarily supported by property, sales and use taxes (governmental activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, and community development.

The government-wide financial statements can be found on pages 1 and 2 of this report.

**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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City currently maintains five funds: the General Fund, the Capital Improvements Fund, the Community Capital Investment Fund, the Parks and Recreation Fund, and the Conservation Trust Fund.

**Governmental funds.** Governmental funds are used to account for 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 near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation to facilitate this comparison between the governmental fund and governmental activities is provided in the financial statements.

The City adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the major funds – General Fund, Capital Improvements Fund, and Community Capital Investment Funds, as required and other supplementary information to demonstrate compliance with the budget.

**Notes to financial statements.** The notes 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 financial statements can be found on pages as listed in the index of this report.

**Required supplementary information.** A budgetary comparison schedule has been provided in this section for the General Fund to demonstrate compliance with the budget, as well as a schedule of retirement plan information. The required supplementary information can be found after the notes to financial statements on pages as listed in the index of this report.

**Other supplementary information.** Other supplementary information includes budgetary comparison schedules for the Capital Improvements Fund and Community Capital Investment Fund. Budgetary comparison schedules and combining statements for the Parks and Recreation Fund and the Conservation Trust Fund are included, as well as the local highway finance report required by State statute.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets related to governmental activities exceeded liabilities by \$70,569,180 at the close of the most recent fiscal year.

	<b>Net Position</b>	
	<u>2021</u>	<u>2020</u>
Current assets	\$ 18,085,716	\$ 12,573,427
Other assets		
Capital assets	<u>57,552,653</u>	<u>58,325,109</u>
Total assets	75,638,369	70,898,536
Deferred outflows of resources	<u>470,692</u>	<u>299,055</u>
Total deferred outflows of resources	470,692	278,497
Current liabilities	3,080,651	3,302,076
Noncurrent liabilities	<u>660,132</u>	<u>737,377</u>
Total liabilities	3,740,783	4,039,453
Deferred inflows of resources		
Property taxes	1,146,405	1,009,215
Deferred inflows related to pension	626,740	269,969
Deferred inflows related to OPEB	<u>25,953</u>	<u>14,348</u>
Deferred inflows of resources	1,799,098	1,293,532
Net investment in capital assets	57,552,653	58,325,109
Restricted net position	1,563,776	1,428,480
Unrestricted net position	<u>11,452,751</u>	<u>6,111,017</u>
Total net position	<u>\$ 70,569,180</u>	<u>\$ 65,864,606</u>

The largest portion of the City's net position (82%) reflects its investment in capital assets, net of related debt. The City utilizes these capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

An additional portion of the City’s net position (2%) represents resources that are subject to restrictions on how they can be used and are not currently available for the City’s ongoing obligations (e.g., emergency TABOR reserve and funds restricted for Conservation Trust Fund eligible expenditures). The remaining balance of unrestricted net position totaling \$11,452,751 (16%) may be used to meet the City’s future expenditures.

The increase in Cash and Investments is the largest contributor to the increase in Current Assets and subsequently Net Position. This is because of a significant amount of cash coming from increased development activity, including new home construction. In addition, cash balances also increased because of increased sales tax revenue due to a consumer shift to online purchasing. The City’s budget and cash was also helped by the receipt of funds from the federal American Rescue Plan Act program, in which the City received \$1.35 million. Most of the increase was transferred to the City’s new Community Capital Investment Fund to save for future capital investments.

At the end of the current fiscal year, the City reports positive balances in all three categories of net position.

**Change in Net Position**

	<b>2021</b>	<b>2020</b>
Revenue		
Program revenues		
Charges for service	\$ 3,996,644	\$ 5,428,159
Operating grants and contributions	1,420,128	3,802,582
Capital grants and contributions	-	1,001,014
General Revenues		
Sales and use taxes	9,287,682	5,666,151
Other taxes	1,106,957	1,023,539
Franchise fees	558,684	480,371
Intergovernmental	1,731,772	1,311,642
Other	(45,298)	197,076
Total Revenues	18,056,569	18,910,534
Expenses		
General government	1,739,302	1,802,033
Public safety	1,074,078	1,030,368
Public works	5,202,058	7,668,224
Parks and recreation	998,433	779,684
Community development	4,338,124	2,684,756
Total Expenses	13,351,995	13,965,065
Change in net position	4,704,574	4,945,469
Net position - beginning	65,864,606	60,919,137
Net position - ending	\$ 70,569,180	\$ 65,864,606

Total revenue decreased five percent (5%) or \$853,965 when compared with the prior fiscal year. While general revenue increased \$3,961,018, program revenue decreased \$4,814,983.

The following discussion details these changes.

Sales tax increased thirty-nine percent (39%) or \$944,463. The primary reason for this large increase is due to a shift in consumers purchasing at retail to purchasing online. Use tax increased eighty-three percent (83%) or \$2,677,068 because of the increase in new home construction. There were 620 building permits issued for new home construction compared to 413 in 2020. Another reason for the increase in use tax is the recovery of motor vehicle purchasing in 2021, which sharply decreased in 2020 due to the pandemic.

Although development-related fee revenue (building permit fees and public work fees) increased nearly \$1.6 million, charges for service revenue decreased overall by \$1,431,515. This is because in 2020, charges for service revenue included \$3,212,461 for a developer payment to the City which was the passed through to a flood control district for a major stormwater project. This pass-through payment was not necessary in 2021 and therefore, charges for service revenue decreased overall.

Operating grants and contributions decreased \$2,382,454 because the City received a \$3,422,223 contribution from a developer and \$380,359 from the federal CARES Act grant in 2020. In 2021, the City received \$1.35 million from the federal American Rescue Plan Act.

Finally, capital grants and contributions decreased \$1,001,014. In 2020, the City received a land donation from a developer valued at \$858,900 and \$142,114 for streetlights from the City's electric utility provider.

Overall City expenses decreased four percent (4%) or \$613,070. This is primarily the result of a \$2,466,166 decrease in Public Works expenses offset by a \$1,653,368 increase in Community Development expenses. Parks and Recreation expenses also increased \$218,749. The decrease in Public Works expenses is because certain road improvements could not be completed as planned due to supply shortages. Community Development expenses (building department) increased because of the increase in new home construction.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The following discussion narrows the focus from City-wide activities to the City's governmental funds. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's financial reporting uses five funds: General Fund, Capital Improvements Fund, Community Capital Investment Fund, Parks and Recreation Fund, and Conservation Trust Fund.

### **General Fund**

The General Fund accounts for all government revenue and expenditures not specific to one of the other funds.

At the end of 2021, the City's General Fund reported an ending fund balance of \$6,002,159. Revenues of \$17,786,015 exceeded expenditures of \$9,225,067 by \$8,560,948. In addition to

funding City operations, General Fund revenues are transferred to the Capital Improvements Fund for capital projects and to the Parks and Recreation Fund for operating and parks capital expenditures. In 2021, \$7,025,000 was transferred to the Capital Improvement Fund and \$482,096 was transferred to the Parks and Recreation Fund. Overall, the General Fund's fund balance increased \$1,103,852.

Unrestricted-unassigned ending fund balance, which is available for spending at the City's discretion, is \$5,400,969 and makes up 90% of the total ending fund balance.

Non-spendable (\$59,493) and restricted (\$541,697) fund balance makes up the remaining fund balance. The entire restricted fund balance consists of emergency reserves set aside as required by the State Constitution (amendment to Article X, Section 20).

### **Capital Improvement Fund**

The Capital Improvement Fund accounts for capital projects or capital outlay not accounted for in other City funds and receives most of its revenue from the General Fund. In 2021, \$2,724,548 was expended on street improvements. The Capital Improvement Fund was supported by a net transfer from the General Fund of \$3,983,000 and the fund's ending fund balance was \$3,790,422.

### **Parks and Recreation Fund**

The Parks and Recreation Fund accounts for parks and recreation revenues and expenditures. Expenditures consist of operation and maintenance of the City's regional park and are supported by transfers from the General Fund and Conservation Trust Fund, as well as fees charged for use of the park. The fund also accounts for the City's \$100,000 annual contribution to the Rueter-Hess Recreation Authority for a share of the Rueter-Hess Reservoir operational and capital improvement costs. The ending fund balance consists of restricted funds totaling \$665,152, which consists of \$503,752 of funds remaining from proceeds the City received from the Castle Pines Parks Authority. These funds were restricted to specific parks and recreation uses as outlined in the agreement regarding the transfer of the dissolved Authority's assets to the City. The restricted fund balance also consists of \$161,400 in funds collected pursuant to development agreements as Parkland Mitigation. The remaining fund balance (\$2,000) is assigned for parks and recreation purposes.

### **Conservation Trust Fund**

The Conservation Trust Fund accounts for the expenditure of lottery proceeds received from the state. The use of these funds is restricted to certain parks and recreation or other similar purposes by state law. The City transferred \$100,000 from this fund to the Parks and Recreation Fund in 2021.

## **BUDGETARY HIGHLIGHTS**

### **General Fund**

Actual revenues (\$17,786,015) were greater than the budgeted amount (\$14,462,700) by \$3,323,315.

Tax revenue exceeded the original budget by \$3,814,039 and the final amended budget by \$1,287,339. Sales tax revenue increased due to a shift of consumer purchasing from retail to online coupled with the U.S. Supreme Court Wayfair decision, which allowed jurisdictions to collect sales tax from remote (online) sellers. The budget estimate was conservatively based on estimated population growth and inflation plus the uncertainty of impacts from the pandemic. As it turned out, sales tax revenue was affected by the pandemic and sales tax revenue from online sales continued to grow significantly. In addition, construction materials use tax revenue increased because of an increase in new home construction.

Intergovernmental revenue was \$1,719,426 greater than the budgeted amount. The City received \$1.35 million from the federal American Rescue Plan Act program, which was not anticipated at the time the 2021 budget was developed. The remaining difference is because of sales and use tax revenue the City receives from Douglas County, which increased for the same reason City tax revenue increased.

Total expenditures were lower than the original budget by \$3,839,533 because the original budget included \$6,000,000 (Public Works) for a pass-through of revenue from a developer to a flood control district for stormwater purposes. During the year, it was determined that the pass-through was no longer necessary. As a result, the budget was amended to remove the \$6,000,000 pass-through. The Community Development and Economic Development budgets were amended to account for increases in building services and the construction materials use tax credit which rose because of greater than expected new home construction.

### **Capital Improvements Fund**

Actual expenditures were \$3,073,252 lower than the budget. Planned road improvements were not completed in 2021 because of supply shortages. Unspent budgeted funds for projects not completed are carried forward to the following year.

## **CAPITAL ASSETS**

Information on the City's capital assets can be found in Note 3 on page 14 of this report.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Castle Pines' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: City of Castle Pines, 360 Village Square Lane, Suite B, Castle Pines, CO 80108.

## **Basic Financial Statements**

**City of Castle Pines, Colorado**  
**Statement of Net Position**  
**December 31, 2021**

	<u><b>Governmental Activities</b></u>
<b>Assets</b>	
Cash and investments	\$ 15,956,551
Accounts receivable	898,319
Property taxes receivable	1,146,405
Interest receivable	21,940
Prepaid expenses	59,578
Other assets	2,923
Capital assets, not being depreciated	4,627,457
Capital assets, net of accumulated depreciation	<u>52,925,196</u>
<b>Total assets</b>	<u>75,638,369</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pension	427,698
Deferred outflows related to OPEB	<u>42,994</u>
<b>Total deferred outflows of resources</b>	<u>470,692</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 76,109,061</u>
<b>Liabilities</b>	
Accounts payable	\$ 1,939,196
Accrued liabilities	1,044,816
Unearned revenue	14,215
Deposits held	82,424
Net pension liability	579,540
Net OPEB liability	<u>80,592</u>
<b>Total liabilities</b>	<u>3,740,783</u>
<b>Deferred Inflows of Resources</b>	
Property tax revenue	1,146,405
Deferred inflows related to pension	626,740
Deferred inflows related to OPEB	<u>25,953</u>
<b>Total deferred inflows of resources</b>	<u>1,799,098</u>
<b>Net Position</b>	
Net investment in capital assets	57,552,653
Restricted for:	
Emergencies	541,697
Parks and open space	1,022,079
Unrestricted:	<u>11,452,751</u>
<b>Total net position</b>	<u>70,569,180</u>
<b>Total liabilities, deferred inflow of resources and net position</b>	<u>\$ 76,109,061</u>

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

**City of Castle Pines, Colorado**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government:					
Governmental activities:					
General government	\$ 1,739,302	\$ 3,996,644	\$ 1,420,128	\$ -	\$ 3,677,470
Public safety	1,074,078	-	-	-	(1,074,078)
Public works	5,202,058	-	-	-	(5,202,058)
Parks and recreation	998,433	-	-	-	(998,433)
Community development	4,338,124	-	-	-	(4,338,124)
<b>Total Governmental Activities</b>	<u>13,351,995</u>	<u>3,996,644</u>	<u>1,420,128</u>	<u>-</u>	<u>(7,935,223)</u>
	Property taxes				1,009,630
	Specific ownership taxes				97,327
	Sales taxes				3,375,462
	Use taxes				5,912,220
	Franchise fees				558,684
	Interest income				(54,485)
	Other				9,187
	Intergovernmental revenues not restricted to specific programs				<u>1,731,772</u>
	Total general revenues (expenses)				<u>12,639,797</u>
	Change in net position				<u>4,704,574</u>
	Net position - beginning of year				<u>65,864,606</u>
	Net position - end of year				<u>\$ 70,569,180</u>

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

**City of Castle Pines, Colorado**  
**Governmental Funds Balance Sheet**  
**December 31, 2021**

	General	Capital Improvement	Community Capital Investment	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 6,665,362	\$ 5,162,153	\$ 3,042,000	\$ 1,087,036	\$ 15,956,551
Prepaid expenses	59,493	-	-	85	59,578
Other assets	2,923	-	-	-	2,923
Accounts receivable	898,319	-	-	-	898,319
Interest receivable	21,940	-	-	-	21,940
Property tax receivable	1,146,405	-	-	-	1,146,405
<b>Total assets</b>	<b>\$ 8,794,442</b>	<b>\$ 5,162,153</b>	<b>\$ 3,042,000</b>	<b>\$ 1,087,121</b>	<b>\$ 18,085,716</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	859,841	1,016,313	-	63,042	1,939,196
Accrued liabilities	689,398	355,418	-	-	1,044,816
Unearned revenue	14,215	-	-	-	14,215
Deposits held	82,424	-	-	-	82,424
<b>Total Liabilities</b>	<b>1,645,878</b>	<b>1,371,731</b>	<b>-</b>	<b>63,042</b>	<b>3,080,651</b>
<b>Deferred Inflows of Resources</b>					
Property taxes	1,146,405	-	-	-	1,146,405
<b>Total deferred inflows of resources</b>	<b>1,146,405</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,146,405</b>
<b>Fund Balances</b>					
Nonspendable:					
Prepaid expenses	59,493	-	-	85	59,578
Restricted:					
Emergency reserve	541,697	-	-	-	541,697
Parks and open space	-	-	-	1,022,079	1,022,079
Assigned	-	3,790,422	3,042,000	1,915	6,834,337
Unassigned	5,400,969	-	-	-	5,400,969
<b>Total Fund Balances</b>	<b>6,002,159</b>	<b>3,790,422</b>	<b>3,042,000</b>	<b>1,024,079</b>	<b>13,858,660</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 8,794,442</b>	<b>\$ 5,162,153</b>	<b>\$ 3,042,000</b>	<b>\$ 1,087,121</b>	<b>\$ 18,085,716</b>

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

**City of Castle Pines, Colorado**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Position**  
**December 31, 2021**

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

Total fund balance - governmental fund	\$ 13,858,660
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	57,552,653
Deferred outflows are not current assets or financial resources; and deferred inflows are not due and payable in the current period and therefore are not reported in governmental funds.	
Deferred outflows related to pension	427,698
Deferred outflows related to OPEB	42,994
Deferred inflows related to pension	(626,740)
Deferred inflows related to OPEB	(25,953)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet. Long-term liabilities at year end consist of:	
Net pension liability	(579,540)
Net OPEB liability	<u>(80,592)</u>
Total net position - governmental activities	<u>\$ 70,569,180</u>

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

**City of Castle Pines, Colorado**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**For the Year Ended December 31, 2021**

	General	Capital Improvement	Community Capital Investment	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 10,394,639	-	-	-	\$ 10,394,639
Franchise fees	558,684	-	-	-	558,684
Licenses and permits	295,356	-	-	-	295,356
Charges for services	3,497,342	-	-	140,080	3,637,422
Fines and forfeitures	63,866	-	-	-	63,866
Intergovernmental	3,021,426	-	-	69,485	3,090,911
Investment income (expense)	(54,485)	-	-	-	(54,485)
Other	9,187	60,989	-	-	70,176
<b>Total Revenues</b>	<u>17,786,015</u>	<u>60,989</u>	<u>-</u>	<u>209,565</u>	<u>18,056,569</u>
<b>Expenditures:</b>					
General government	1,664,920	-	-	-	1,664,920
Public safety	1,074,078	-	-	-	1,074,078
Public works	1,968,572	95,619	-	-	2,064,191
Parks and recreation	210,633	-	-	498,011	708,644
Community development	4,306,864	-	-	-	4,306,864
Capital Outlay	-	2,628,929	-	12,419	2,641,348
Total Expenditures	<u>9,225,067</u>	<u>2,724,548</u>	<u>-</u>	<u>510,430</u>	<u>12,460,045</u>
<b>Transfers:</b>					
Parks and Recreation	(432,096)	-	-	432,096	-
Capital Improvements Fund	(7,025,000)	7,025,000	-	-	-
Capital Improvement Fund/	-	(3,042,000)	3,042,000	-	-
Total Transfers	<u>(7,457,096)</u>	<u>3,983,000</u>	<u>3,042,000</u>	<u>432,096</u>	<u>-</u>
Net change in fund balance	1,103,852	1,319,441	3,042,000	131,231	5,596,524
Fund balances:					
Beginning of the year	4,898,307	2,470,981	-	892,848	8,262,136
End of the year	<u>\$ 6,002,159</u>	<u>\$ 3,790,422</u>	<u>\$ 3,042,000</u>	<u>\$ 1,024,079</u>	<u>\$ 13,858,660</u>

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

**City of Castle Pines, Colorado**  
**Reconciliation of Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2021**

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

Net change in Fund Balance of Governmental Fund	\$ 5,596,524
<p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>	
Capital outlay	\$ 2,641,348
Depreciation expense	(3,413,803)
<p>Changes in the City's net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the City's pension and OPEB plans for the current year do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental fund financial statements</p>	
	<u>(119,495)</u>
Change in Net Position of Governmental Activities	<u>\$ 4,704,574</u>

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

# **City of Castle Pines, Colorado**

## **Notes to Financial Statements**

### **December 31, 2021**

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#### **1. Summary of Significant Accounting Policies**

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The City of Castle Pines (the “City”) was incorporated on February 12, 2008, as a statutory municipality as defined in State statutes. On May 14, 2019, residents voted in support of changing the City’s government structure to Home Rule and the City became the 102<sup>nd</sup> home rule municipality in Colorado. The City is governed by a Mayor and six-member council elected by the residents.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

#### **Reporting Entity**

The financial reporting entity consists of the City, organizations for which the City is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the City. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the City. Legally separate organizations for which the City is financially accountable are considered part of the reporting entity. Financial accountability exists if the City appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens, on the City.

Based on the application of this criteria, the City does not include additional organizations within 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 activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in a single column.

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

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**1. Summary of Significant Accounting Policies (continued)**

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revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported in separate columns. The nonmajor funds are combined in a column in the fund financial statements and are detailed in the combining section of the report.

**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. 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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current year. Taxes and intergovernmental revenues associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the City. 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.

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

In the fund financial statements, the City reports the following major governmental funds:

***General Fund*** - The City's primary operating fund. It is currently used to account for the general financial activities of the City.

***Capital Improvements Fund*** – Acts as a repository to set aside funds for future capital improvements or acquisitions.

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**1. Summary of Significant Accounting Policies (continued)**

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**Budgets**

In accordance with the State Budget Law, the City Council holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The City Council can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting, unless otherwise indicated.

On or before September 30, the City staff submits to the Council a proposed budget for the next fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. A public hearing is conducted by the City Council to obtain taxpayer comments. State law requires that the City adopt a budget prior to the certification of its mill levy to the county and file a certified copy of its budget with the Division of Local Government within 30 days of such adoption. Failure to do so can result in the County Treasurer withholding future property tax revenues pending compliance by the City. The City filed the certified copy of its budget timely for 2022.

**Assets, Liabilities and Net Position/Fund Balance**

**Cash and Investments**

Investments are reported at fair value.

**Receivables**

Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

**Capital Assets**

Capital assets, which include equipment, land, park improvements, and all infrastructure assets owned by the City, are reported in the government-wide financial statements. Infrastructure assets include streets, curbs and sidewalks, and drainage and traffic systems. Land and infrastructure assets were donated to the City by Douglas County upon the City's incorporation. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**1. Summary of Significant Accounting Policies (continued)**

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historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure	15 to 30 years
Park Improvements	20 years
Buildings and Improvements	20 to 30 years
Equipment	3 to 10 years
Vehicles	3 to 5 years

**Deferred Inflows of Resources**

Deferred inflows of resources include property taxes earned but levied for a subsequent year and license fees received but not yet earned. It also includes pension contributions received but applicable to a subsequent year.

**Compensated Absences**

Full-time employees are allowed to accumulate from 10 to 25 days of unused vacation time, dependent upon years of service, which must be used within the first three months of the subsequent year. Upon separation of employment, employees will be compensated for any unused vacation time. These compensated absences are recognized as current salary costs when paid in the governmental fund.

**Net Position/Fund Balance**

In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The City has not established a formal policy for its use of restricted and unrestricted fund balance. However, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City considers restricted fund balances to have been spent first.

**Fund Equity**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**1. Summary of Significant Accounting Policies (continued)**

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Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance*- The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact
  
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
  
- *Committed fund balance*- The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. The constraint may be removed or changed only through formal action of the City Council.
  
- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the City Council to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
  
- *Unassigned fund balance*- The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

**Property Taxes**

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent year. 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 City on a monthly basis.

**Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**1. Summary of Significant Accounting Policies (continued)**

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of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance for these risks of loss.

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**2. Cash and Investments**

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**Cash Deposits**

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy of limiting custodial credit risks by assuring that deposits are only made in eligible public depositories. As of December 31, 2021, none of the City's deposits are deemed to be exposed to custodial credit risk.

The City's deposits as of December 31, 2021 are shown below.

Cash balances and investments:

	Bank Balance	Carrying Balance
Insured (FDIC)	\$ 981,570	\$ 1,824,945
Collateralized by securities held by the pledging financial institution's trust department or agent in the City's name	14,131,606	14,131,606
Total cash and investments	\$ 15,113,176	\$ 15,956,551

The difference between the bank balance and carrying balance is \$843,375, which were outstanding items that had not cleared the banks as of December 31, 2021.

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**2. Cash and Investments (continued)**

Investments - Colorado statutes specify in which instruments the local government may invest, which include:

1. Repurchase agreements in obligations of the United States;
2. Obligations of the United States or obligations unconditionally guaranteed by the United States;
3. General obligation or revenue bonds of any state, District of Columbia, US territory or any of their subdivisions, with certain limitations;
4. Bankers acceptance issued by a state or national bank, with certain limitations;
5. Commercial paper, with certain limitations;
6. Any obligation, certificate of participation or lease/purchase of the investing public entity;
7. Money market funds, with certain limitations, which invest in the types of securities listed above;
8. Guaranteed investment contracts, with other certain limitations;
9. Participation with other local governments in pooled investment funds (trusts). These trusts are supervised by participating governments, and must comply with the same restrictions on cash deposits and investments. These trusts are "Colotrust" and "CSAFE".

At December 31, 2021, the District had the following investments reported as cash and investments:

<u>Investment</u>	<u>Rating</u>	<u>Investment Maturities</u> <u>(in Years)</u>		
		<u>Less than 1</u>	<u>1 to Less than 5</u>	<u>Total</u>
Money Market Funds		\$ 41,454	\$ -	\$ 41,454
U.S. Treasury Securities		-	2,954,080	2,954,080
U.S. Government Bonds	AAA	1,511,830	5,105,834	6,617,664
CSAFE		-	4,518,408	4,518,408
		<u>\$ 1,553,284</u>	<u>\$12,578,322</u>	<u>\$14,131,606</u>

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**2. Cash and Investments (continued)**

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**Fair Value Measurement and Application**

The District 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, and Level 3 inputs are significant unobservable inputs. All current investments measured at fair value are Level 1. Investments not measured at fair value and not categorized include governmental money market funds (Dreyfus Government Cash Management Income Reinvested) and CSAFE (which are recorded at amortized cost).

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's, CSAFE records its investments at amortized cost and the District records its investments in CSAFE using at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

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**3. Capital Assets**

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An analysis of the changes in net capital assets for the year ended December 31, 2021 follows:

	<u>December 31,</u> <u>2020</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>December 31,</u> <u>2021</u>
Capital assets, not being depreciated				
Land	\$ 1,673,843	\$ -	\$ -	\$ 1,673,843
Construction in progress	<u>575,192</u>	<u>2,378,422</u>	<u>-</u>	<u>2,953,614</u>
Total capital assets, not being depreciated	<u>2,249,035</u>	<u>2,378,422</u>	<u>-</u>	<u>4,627,457</u>

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**3. Capital Assets (continued)**

	<u>December 31, 2020</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>December 31, 2021</u>
Capital assets, being depreciated				
Infrastructure	85,139,341	182,836	-	85,322,177
Buildings and improvements	4,673,868	67,670	-	4,741,538
Vehicles and equipment	<u>1,151,901</u>	<u>12,419</u>	-	<u>1,164,320</u>
Total capital assets, being depreciated	<u>90,965,110</u>	<u>262,925</u>	-	<u>91,228,035</u>
Less accumulated depreciation for:				
Infrastructure	(31,775,229)	(3,116,551)	-	(34,891,780)
Buildings and improvements	(2,083,292)	(232,663)	-	(2,315,955)
Vehicles and equipment	<u>(1,030,515)</u>	<u>(64,589)</u>	-	<u>(1,095,104)</u>
Total accumulated depreciation	<u>(34,889,036)</u>	<u>(3,413,803)</u>	-	<u>(38,302,839)</u>
Total capital assets, being depreciated, net	<u>56,076,074</u>	<u>(3,150,878)</u>	-	<u>52,925,196</u>
Total capital assets, net	<u>\$ 58,325,109</u>	<u>\$ (772,456)</u>	<u>\$ -</u>	<u>\$ 57,552,653</u>

Depreciation expense for the year ended December 31, 2021 was charged to the following programs of the City:

General Government	\$ 9,105
Public Works	3,116,995
Parks and Recreation	<u>287,703</u>
Total	<u>\$ 3,413,803</u>

**4. Retirement Commitments**

**Defined Benefit Pension Plan**

**Plan Description**

The City contributes to the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The LGDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees of the City are members of the LGDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained by contacting Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado, 80203, or by calling PERA at 303-832-

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

9550 or 1-800-759-PERA (7372).

**4. Retirement Commitments (continued)**

**Funding Policy**

The contribution requirements of members and the City are established under Title 24, Article 51, Part 4 of the CRS, as amended. The City's contribution rate for the year ended December 31, 2021 was 14.22% of covered salaries. The contribution rate for members was 8.5% of covered salaries. A portion of the City's contribution (1.02% of covered salaries) was allocated to the Health Care Trust Fund (See Note 5). The City's contribution to the LGDTF for the year ended December 31, 2021 was \$120,552, equal to the required contribution.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

At December 31, 2021, the City reported a liability of \$579,540 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, using standard roll-forward techniques to determine the liability as of December 31, 2020. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2020, the City's proportion was approximately 0.11 percent.

For the year ended December 31, 2021, the City recognized pension expense of \$239,737. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 28,020	\$ -
Changes of assumptions or other inputs	140,052	-
Differences between projected and actual investment earnings	-	626,740
Change in proportion and differences between contributions recognized and proportionate share of contributions	139,073	-
Authority contributions subsequent to the measurement date	120,552	-
Total	\$ 427,698	\$ 626,740

The \$120,552 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

and deferred inflows of resources will be recognized in pension expense as follows:

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**4. Retirement Commitments (continued)**

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Year ending December 31,	
2022	\$ 40,962
2023	(49,189)
2024	(212,454)
2025	(98,914)
Total	(319,595)

**Actuarial Assumptions**

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%–10.45%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 <sup>1</sup>	Financed by the AIR

<sup>1</sup> Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**4. Retirement Commitments (continued)**

• **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

• **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.20%-11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**4. Retirement Commitments (continued)**

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Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 <sup>1</sup>	Financed by the AIR

<sup>1</sup> Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Pre-retirement mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**4. Retirement Commitments (continued)**

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**4. Retirement Commitments (continued)**

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Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives <sup>1</sup>	6.00%	4.70%
<b>Total</b>	<b>100.00%</b>	

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25 percent.

**Discount rate.**

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increase in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**4. Retirement Commitments (continued)**

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- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, LGDTF’s FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

**Sensitivity of the proportionate share of the net pension liability to changes in the discount rate.**

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase (8.25%)
Proportionate share of the net pension liability(asset)	1,335,029	579,540	(51,195)

**Pension plan fiduciary net position**

Detailed information about the LGDTF’s fiduciary net position is available in PERA’s Annual Report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**4. Retirement Commitments (continued)**

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**Defined Contribution Pension Plan**

**Plan Description**

Employees of the City that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the Plan provisions to the State Legislature. PERA issues a publicly available annual financial report for the Plan. That report may be obtained as described previously.

**Funding Policy**

The Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the CRS, as amended. In addition, the City has agreed to match employee contributions up to 5% of covered salaries. Forfeitures are used to pay expenses of the PERA defined contribution plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the Colorado Revised Statutes. For the year ended December 31, 2021, the City contributed \$3,907 and Plan members contributed \$3,321 to the Plan.

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**5. Post-Employment Benefits**

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**Summary of Significant Accounting Policies OPEB**

The City participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the OPEB Plan**

Eligible employees of the City are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**5. Post-Employment Benefits (continued)**

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amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid. Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**5. Post-Employment Benefits (continued)**

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For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the City were \$9,122 for the year ended December 31, 2021.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At December 31, 2021, the City reported a liability of \$80,592 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020.

The City's proportion of the net OPEB liability was based on the City's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF. At December 31, 2020, the City's proportion was 0.008 percent.

For the year ended December 31, 2021, the City recognized OPEB expense of \$9,432. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 214	\$ 17,718
Changes of assumptions or other inputs	602	4,942
Net difference between projected and actual earnings on OPEB plan investments	-	3,293

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**5. Post-Employment Benefits (continued)**

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Changes in proportion	33,056	-
Contributions subsequent to the measurement date	9,122	-
Total	\$ 42,994	\$ 25,953

\$9,122 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31,	
2021	\$ 1,646
2022	2,107
2023	1,502
2024	1,139
2025	1,422
Thereafter	103
Total	7,919

**Actuarial assumptions**

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% in 2020, gradually decreasing to 4.50% in 2029

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**5. Post-Employment Benefits (continued)**

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Medicare Part A premiums	3.50% in 2020, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

<b>Initial Costs for Members without Medicare Part A</b>			
<b>Medicare Plan</b>	<b>Monthly Cost</b>	<b>Monthly Premium</b>	<b>Monthly Cost Adjusted</b>
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	232	586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**5. Post-Employment Benefits (continued)**

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addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates used to measure the total OPEB liability are summarized in the table below:

<b>Year</b>	<b>PERACare Medicare</b>	<b>Medicare Part A</b>
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**5. Post-Employment Benefits (continued)**

- ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.20%-11.30%
State Troopers	3.20%-12.40% <sup>1</sup>

<sup>1</sup> C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**5. Post-Employment Benefits (continued)**

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Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**5. Post-Employment Benefits (continued)**

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The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives <sup>1</sup>	6.00%	4.70%
<b>Total</b>	<b>100.00%</b>	

<sup>1</sup> The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25 percent.

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**5. Post-Employment Benefits (continued)**

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**Sensitivity of the City’s proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.**

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	78,509	80,592	83,017

**Discount rate.**

The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**5. Post-Employment Benefits (continued)**

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- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

**Sensitivity of the City's proportionate share of the net OPEB liability to changes in the discount rate.**

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount	1% Increase (8.25%)
Proportionate share of the net OPEB liability	92	80,592	70,572

*OPEB plan fiduciary net position.* Detailed information about the HCTF's fiduciary net position is available in PERA's Annual Report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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**6. Commitments and Contingencies**

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**The Canyons Annexation and Development Agreement**

During 2009, the City approved an annexation and development agreement with the developer of a planned development known as The Canyons. To defray the cost to the City of providing municipal services during the predevelopment phase and to the future development, the developer paid \$1,976,400 to the City during the year ended December 31, 2009, and an additional \$1,000,000 during the year ended December 31, 2013.

As part of the agreement, the City agreed to grant future sales and use tax credits to retailers and building permit applicants within the development. The developer will collect public improvement fees in lieu of the sales and use taxes to finance the construction of infrastructure in the development. \$1,399,244 in use tax credits were paid in 2021.

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**6. Commitments and Contingencies (continued)**

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**Claims and Judgements**

The City participates in state and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At December 31, 2021, the City believes that any subsequent audits will not have a material effect on the overall financial position of the City.

**Tabor Amendment**

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which limits state and local government taxing powers and imposes spending limitations.

Pursuant to the incorporation election held in November, 2007, any proceeds from sales and use taxes, property taxes, and the investment income thereon shall be retained, collected and spent by the City without regard to any spending, revenue-raising or other limitation contained in Article X, Section 20, without limiting in any year the amount of other revenue that may be collected and spent by the City.

In November, 2012, voters within the City authorized the City to retain and spend City revenues derived from any and all sources in excess of the spending or other limitations set forth in Article X, Section 20, beginning with revenues received in 2011. The Amendment is subject to many interpretations, but the City believes it is in substantial compliance with the Amendment.

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2021, the emergency reserve of \$541,697 was reported as restricted fund balance in the General Fund.

**Operating Leases**

On June 30, 2016, the City and the Douglas County Libraries ( the “Library”), a library district formed in Douglas County pursuant to the provisions of C.R.S. §§ 24-90-101 through 119, entered into a long-term lease agreement for the exclusive use of a 2,056 square foot portion of the Library Building designated as Suite B, expiring on June 30, 2026. The City pays annual rent of \$12 per year under this agreement in addition to a share of Common Area Maintenance expenses. The City made total payments under this lease of \$20,861 during the year ended December 31, 2021.

**City of Castle Pines, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**6. Commitments and Contingencies (continued)**

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On June 30, 2021, the City and PT Village Square, LLC, entered into a long-term lease agreement for the exclusive use of a 1,605 square feet known as 7437 Village Square Drive, Suite 215 in Castle Pines, Colorado, expiring on July 1, 2023. The City is to pay monthly rent of \$2,838 from 7/1/2021-6/30/2022, \$2,923 from 7/1/2022-6/30/2023, and \$3,011 from 7/1/2023-6/30/2024 under this agreement. The City made total payments under this lease of \$22,093 during the year ended December 31, 2021.

On July 1, 2021, the City and SAFEBuilt Colorado, LLC, entered into a long-term lease agreement for the nonexclusive use and occupation of a portion of the premises the City is leasing from PT Village Square, LLC mentioned above, consisting of approximately 1,074 square feet, or 67%. SAFEBuilt is providing building and code inspection services for the City as an independent contractor pursuant to a Professional Services Agreement. SAFEBuilt Colorado, LLC is to pay monthly rent to the City of \$1,902 from 7/1/2021-6/30/2022, \$1,959 from 7/1/2022-6/30/2023, and \$2,019 from 7/1/2023-6/30/2024 under this agreement. The City received total payments under this lease of \$11,409 during the year ended December 31, 2021.

The Company also leases copier equipment under an operating lease that expires February 18, 2023. Rent expense under this lease totaled \$3,507 during 2021.

At December 31, 2021, the minimum lease payments under the terms of all lease agreements were as follows:

2022	38,018
2023	36,204
2024	18,078
2025	12
2026	12

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**7. Risks and Uncertainties**

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On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. In response, many state and local governments instituted restrictions that substantially limited the operations of non-essential businesses and the activities of individuals. While some of these restrictions have been eased, there is still significant uncertainty around the extent and duration of those still in place and the possibility for restrictions to be increased again in the future. The extent to which the pandemic will impact the City's financial results in the coming periods depends on future developments, including where there are additional outbreaks of COVID-19 and the actions taken to contain or address the virus. However, the City believes it will be able to continue operations under current governmental guidelines while mitigating the impact as much as possible to minimize losses. No additional events requiring recognition or disclosure were identified.

**City of Castle Pines, Colorado**

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**Required Supplementary Information**

**City of Castle Pines, Colorado**  
**General Fund**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances—Budget and Actual**  
**For the Year Ended December 31, 2021**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$ 6,580,600	\$ 9,107,300	\$ 10,394,639	\$ 1,287,339
Franchise fees	530,600	530,600	558,684	28,084
Licenses and permits	84,400	84,400	295,356	210,956
Intergovernmental	1,302,000	1,302,000	3,021,426	1,719,426
Charges for services	2,098,900	3,326,900	3,497,342	170,442
Fines and forfeitures	60,000	60,000	63,866	3,866
Investment income (expense)	51,500	51,500	(54,485)	(105,985)
Other income	6,000,000	-	9,187	9,187
Total Revenues	<u>16,708,000</u>	<u>14,462,700</u>	<u>17,786,015</u>	<u>3,323,315</u>
<b>Expenditures</b>				
City council	111,800	111,800	91,277	20,523
City manager	182,900	182,900	188,958	(6,058)
General operations	289,700	289,700	511,824	(222,124)
Legal services	140,000	140,000	209,186	(69,186)
Communications	141,300	141,300	103,524	37,776
Finance	323,100	323,100	350,472	(27,372)
City clerk	170,900	170,900	167,576	3,324
Municipal court	41,200	41,200	42,103	(903)
Public safety	1,057,600	1,057,600	1,074,078	(16,478)
Public works	7,931,400	2,431,400	1,968,572	462,828
Community development	1,817,700	2,860,700	2,827,209	33,491
Economic development	733,900	1,501,300	1,479,655	21,645
City Events	123,100	198,100	210,633	(12,533)
Total Expenditures	<u>13,064,600</u>	<u>9,450,000</u>	<u>9,225,067</u>	<u>224,933</u>
<b>Excess Of Revenues Over (Under) Expenditures</b>	3,643,400	5,012,700	8,560,948	3,548,248
<b>Other Financial Sources (Uses)</b>				
Operating Transfers (Out)	<u>(2,928,000)</u>	<u>(7,457,000)</u>	<u>(7,457,096)</u>	<u>(96)</u>
Net Change in Fund Balance	715,400	(2,444,300)	1,103,852	3,548,152
Fund Balance, Beginning of Year	<u>1,909,608</u>	<u>4,898,307</u>	<u>4,898,307</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 2,625,008</u>	<u>\$ 2,454,007</u>	<u>\$ 6,002,159</u>	<u>\$ 3,548,152</u>

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

**City of Castle Pines, Colorado**  
**Retirement Plan Supplementary Information**  
**For the Year Ended December 31, 2021**

**Schedule of Proportionate Share of the Net Pension and OPEB Liability and Related Ratios**

**Colorado PERA - Pension**

<b>Year Ending*</b>	<b>Proportion of the Net Pension Liability</b>	<b>Proportionate Share of the Net Pension Liability</b>	<b>Actual Member Payroll</b>	<b>Net Pension Liability as a Percentage of Member Payroll</b>	<b>Fiduciary Net Position as a Percentage of Total Pension Liability</b>
12/31/2015	0.064%	\$ 576,789	\$ 352,618	163.57%	80.72%
12/31/2016	0.066%	\$ 732,317	\$ 377,547	193.97%	76.90%
12/31/2017	0.066%	\$ 897,685	\$ 401,445	223.61%	73.65%
12/31/2018	0.065%	\$ 724,317	\$ 404,528	179.05%	79.40%
12/31/2019	0.070%	\$ 880,318	\$ 471,789	186.59%	75.96%
12/31/2020	0.090%	\$ 659,708	\$ 621,321	106.18%	86.26%
12/31/2021	0.111%	\$ 579,540	\$ 778,311	74.46%	90.88%

**Colorado PERA - OPEB**

<b>Year Ending*</b>	<b>Proportion of the Net OPEB Liability</b>	<b>Proportionate Share of the Net OPEB Liability</b>	<b>Actual Member Payroll</b>	<b>OPEB Liability as a Percentage of Member Payroll</b>	<b>Fiduciary Net Position as a Percentage of Total OPEB Liability</b>
12/31/2018	0.005%	\$ 65,694	\$ 404,528	16.24%	17.50%
12/31/2019	0.005%	\$ 73,880	\$ 471,789	15.66%	17.03%
12/31/2020	0.007%	\$ 77,669	\$ 621,321	12.50%	24.49%
12/31/2021	0.008%	\$ 80,592	\$ 778,311	10.35%	32.78%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

\* The data provided in this schedule is based as of the measurement date of the Authority's net pension liability, which is as of the beginning of the year.

**Schedule of Employer Contributions (PERA and OPEB)**

<b>Year Ending</b>	<b>Statutorily Required Contributions</b>	<b>Actual Employer Contributions</b>	<b>Contribution Excess/(Deficiency)</b>	<b>Actual Covered Member Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
12/31/2011	33,512	33,512	-	244,616	13.7%
12/31/2012	47,433	47,433	-	346,227	13.7%
12/31/2013	38,811	38,811	-	283,293	13.7%
12/31/2014	48,308	48,308	-	352,618	13.7%
12/31/2015	51,724	51,724	-	377,547	13.7%
12/31/2016	54,998	54,998	-	401,445	13.7%
12/31/2017	55,489	55,489	-	404,528	13.7%
12/31/2018	64,635	64,635	-	471,789	13.7%
12/31/2019	85,121	85,121	-	621,321	13.7%
12/31/2020	109,514	109,514	-	778,311	14.1%
12/31/2021	129,674	129,674	-	894,316	14.5%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**City of Castle Pines, Colorado**

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**Other Supplementary Information**

**City of Castle Pines, Colorado**  
**Capital Improvements Fund**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances—Budget and Actual**  
**For the Year Ended December 31, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues</b>				
Total Revenues	\$ -	\$ 61,000	\$ 60,989	\$ (11)
<b>Expenditures</b>				
Public works	-	-	95,619	(95,619)
Parks and recreation	-	-		-
Capital outlay	4,950,000	5,797,800	2,628,929	3,168,871
Total Expenditures	4,950,000	5,797,800	2,724,548	3,073,252
<b>Excess Of Revenues Over (Under) Expenditures</b>	(4,950,000)	(5,736,800)	(2,663,559)	3,073,241
<b>Other Financial Sources (Uses)</b>				
Operating Transfers In	2,625,000	7,025,000	7,025,000	-
Operating Transfers (Out)	-	(3,042,000)	(3,042,000)	-
Total Transfers	2,625,000	3,983,000	3,983,000	-
Net Change in Fund Balance	(2,325,000)	(1,753,800)	1,319,441	3,073,241
Fund Balance, Beginning of Year	3,819,129	2,470,981	2,470,981	-
<b>Fund Balance, End of Year</b>	<b>\$ 1,494,129</b>	<b>\$ 717,181</b>	<b>\$ 3,790,422</b>	<b>\$ 3,073,241</b>

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

**City of Castle Pines, Colorado**  
**Community Capital Investment Fund**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances—Budget and Actual**  
**For the Year Ended December 31, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Total Revenues	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
<b>Excess Of Revenues Over (Under) Expenditures</b>	-	-	-	-
<b>Other Financial Sources (Uses)</b>				
Operating Transfers In	-	3,042,000	3,042,000	-
Total Transfers	-	3,042,000	3,042,000	-
Net Change in Fund Balance	-	3,042,000	3,042,000	-
Fund Balance, Beginning of Year	-	-	-	-
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ 3,042,000</u>	<u>\$ 3,042,000</u>	<u>\$ -</u>

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

# City of Castle Pines, Colorado

## Combining Balance Sheet Other Governmental Funds December 31, 2021

	<b>Parks &amp; Recreation Fund</b>	<b>Conservation Trust Fund</b>	<b>TOTALS</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 730,109	\$ 356,927	\$ 1,087,036
Prepaid expenditures	<u>85</u>	<u>-</u>	<u>85</u>
<b>Total assets</b>	<u>730,194</u>	<u>356,927</u>	<u>1,087,121</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	<u>63,042</u>	<u>-</u>	<u>63,042</u>
<b>Total Liabilities</b>	<u>63,042</u>	<u>-</u>	<u>63,042</u>
<b>Fund Balances</b>			
Nonspendable	85	-	85
Restricted	665,152	356,927	1,022,079
Assigned	<u>1,915</u>	<u>-</u>	<u>1,915</u>
<b>Total Fund Balances</b>	<u>667,152</u>	<u>356,927</u>	<u>1,024,079</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 730,194</u>	<u>\$ 356,927</u>	<u>\$ 1,087,121</u>

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

**City of Castle Pines, Colorado**  
**Other Governmental Funds**  
**Combining Statement of Revenues, Expenditures**  
**And Changes in Fund Balance**  
**For the Year Ended December 31, 2021**

	<u>Parks &amp; Recreation Fund</u>	<u>Conservation Trust Fund</u>	<u>TOTALS</u>
<b>Revenues</b>			
Charges for services	\$ 140,080	\$ -	\$ 140,080
Intergovernmental	<u>-</u>	<u>69,485</u>	<u>69,485</u>
<b>Total Revenue</b>	140,080	69,485	209,565
<b>Expenditures</b>			
Parks and Recreation	498,011	-	498,011
Capital Outlay	<u>12,419</u>	<u>-</u>	<u>12,419</u>
<b>Total Expenditures</b>	<u>510,430</u>	<u>-</u>	<u>510,430</u>
<b>Transfers</b>	<u>532,096</u>	<u>(100,000)</u>	<u>432,096</u>
<b>Net change in fund balance</b>	<u>161,746</u>	<u>(30,515)</u>	<u>131,231</u>
<b>Fund Balances</b>			
Beginning of the year	<u>505,406</u>	<u>387,442</u>	<u>892,848</u>
End of the year	<u>\$ 667,152</u>	<u>\$ 356,927</u>	<u>\$ 1,024,079</u>

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

**City of Castle Pines, Colorado**  
**Parks and Recreation Fund**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances—Budget and Actual**  
**For the Year Ended December 31, 2021**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues</b>				
Charges for services				
Park Fees	\$ 20,500	\$ 20,500	\$ 140,080	\$ 119,580
Total Revenues	\$ 20,500	\$ 20,500	\$ 140,080	\$ 119,580
<b>Expenditures</b>				
Salary and Benefits	117,900	117,900	132,294	(14,394)
Education and Training	1,000	1,000	-	1,000
Professional Services	11,000	46,000	63,633	(17,633)
Parks Facilities Maintenance	47,000	82,500	82,497	3
Water Feature O&M	32,000	32,000	27,942	4,058
Landscape Maintenance	56,000	56,000	51,665	4,335
Custodian Services	4,000	4,000	5,594	(1,594)
Parks Utilities	40,000	40,000	32,364	7,636
City Events	12,000	12,000	732	11,268
Fleet Expense	2,000	2,000	857	1,143
Membership Dues	500	500	-	500
Meetings	200	200	433	(233)
Rueter-Hess Contribution	100,000	100,000	100,000	-
Capital Outlay	-	19,800	12,419	7,381
Total Expenditures	<u>423,600</u>	<u>513,900</u>	<u>510,430</u>	<u>3,470</u>
<b>Excess Of Revenues Over</b>				
<b>(Under) Expenditures</b>	(403,100)	(493,400)	(370,350)	123,050
<b>Other Financial Sources</b>				
Operating Transfers	<u>403,000</u>	<u>532,000</u>	<u>532,096</u>	<u>96</u>
Net Change in Fund Balance	(100)	38,600	161,746	123,146
Fund Balance, Beginning of Year	<u>494,969</u>	<u>505,406</u>	<u>505,406</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 494,869</u>	<u>\$ 544,006</u>	<u>\$ 667,152</u>	<u>\$ 123,146</u>

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

**City of Castle Pines, Colorado**  
**Conservation Trust Fund**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances—Budget and Actual**  
**For the Year Ended December 31, 2021**

	<u>Budget</u> <u>Original and Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>			
Intergovernmental Revenue			
State Lottery Disbursement	\$ 60,000	\$ 69,485	\$ 9,485
Total Revenues	<u>60,000</u>	<u>69,485</u>	<u>9,485</u>
<b>Expenditures</b>			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess Of Revenues Over</b> <b>(Under) Expenditures</b>	60,000	69,485	9,485
<b>Other Financial Sources (Uses)</b>			
Operating Transfers (Out)	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net Change in Fund Balance	(40,000)	(30,515)	9,485
Fund Balance, Beginning of Year	<u>387,600</u>	<u>387,442</u>	<u>(158)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 347,600</u>	<u>\$ 356,927</u>	<u>\$ 9,327</u>

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

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

To the City Council  
City of Castle Pines, Colorado, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Castle Pines, Colorado, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City of Castle Pines, Colorado’s basic financial statements, and have issued our report thereon dated June 28, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Castle Pines, Colorado’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Castle Pines, Colorado’s internal control. Accordingly, we do not express an opinion on the effectiveness of City of Castle Pines, Colorado’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

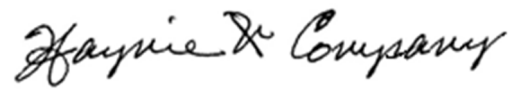
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Castle Pines, Colorado’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Haynie & Company". The script is cursive and fluid.

Littleton, Colorado

June 28, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the City Council  
City of Castle Pines, Colorado

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited City of Castle Pines, Colorado's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Castle Pines, Colorado's major federal programs for the year ended December 31, 2021. City of Castle Pines, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Castle Pines, Colorado complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Castle Pines, Colorado and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Castle Pines, Colorado's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Castle Pines, Colorado's federal programs.

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Castle Pines, Colorado's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial

likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Castle Pines, Colorado's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Castle Pines, Colorado's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Castle Pines, Colorado's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Castle Pines, Colorado's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

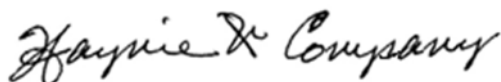
#### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Littleton, CO  
June 28, 2022

# City of Castle Pines, Colorado

## Supplemental Information

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### Schedule of Findings and Questioned Costs for the Year Ended December 31, 2020

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#### 1. Summary of Auditor's Results

Type of report issued on the financial statements:	<b>Unmodified</b>
Material weaknesses in financial reporting internal control noted:	<b>None</b>
Significant deficiency(s) identified that are not considered to be material weaknesses in financial reporting:	<b>None</b>
Material noncompliance noted:	<b>None</b>
Material weaknesses in internal control over major programs:	<b>None</b>
Significant deficiency(s) identified that are not considered to be material weaknesses over major programs:	<b>None</b>
Type of report issued on compliance for major programs:	<b>Unmodified</b>
Audit findings required to be reported:	<b>None</b>
The following programs are considered to be major:	
<b>State and Local Fiscal Recovery Funds — CFDA 21.027</b>	
Dollar threshold used to distinguish Type A and Type B programs:	<b>\$750,000</b>
Risk type qualification:	<b>Not low-risk</b>

#### 2. Findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

None

#### 3. Findings and questioned costs for Federal Awards

None

#### 4. Summary Schedule of Prior Audit Findings

None

**City of Castle Pines, Colorado**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

<b>Federal Agency/Pass-through Entity/Program</b>	<b>CFDA Number</b>	<b>Grant or Identifying Number</b>	<b>Amount</b>
<i>U.S. Department of the Treasury</i>			
Coronavirus Relief Fund	21.019	CVRF CM-184	<u>\$ 1,352,639</u>
<i>Total U.S. Department of the Treasury</i>			<u>1,352,639</u>
<i>U.S. Department of the Treasury</i>			
Pass Through: State of Colorado			
Coronavirus Relief Fund	21.027		<u>32,857</u>
<i>Total U.S. Department of the Treasury</i>			<u>32,857</u>
Total Expenditures of Federal Awards			<u>\$ 1,385,496</u>

**City of Castle Pines, Colorado**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

***Notes to the Schedule***

1. This schedule includes the federal awards activity of City of Castle Pines, Colorado and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of *the Uniform Guidance*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. City of Castle Pines, Colorado has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: City of Castle Pines
		YEAR ENDING : December 2021
This Information From The Records Of (example - City of _ or County of City of Castle Pines	Prepared By: Phone:	Mike Farina 303-705-0210

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

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

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	2,538,688
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	931,797
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	7,794
2. General fund appropriations	1,442,436	b. Snow and ice removal	342,267
3. Other local imposts (from page 2)	899,736	c. Other	
4. Miscellaneous local receipts (from page 2)	426,479	d. Total (a. through c.)	350,061
5. Transfers from toll facilities		4. General administration & miscellaneous	657,545
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	4,478,091
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	2,768,651	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	356,801	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	1,352,639	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	4,478,091	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	
			4,478,091

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	4,478,091	4,478,091	0	0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2021	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	495,285	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	63,866
1. Sales Taxes	307,124	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	362,613
5. Specific Ownership &/or Other	97,327	g. Other Misc. Receipts	
6. Total (1. through 5.)	404,451	h. Other	
c. Total (a. + b.)	899,736	i. Total (a. through h.)	426,479
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	314,978	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	41,823	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	1,352,639
f. Total (a. through e.)	41,823	g. Total (a. through f.)	1,352,639
4. Total (1. + 2. + 3.f)	356,801	3. Total (1. + 2.g)	
			(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		393,375	393,375
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		2,070,527	2,070,527
(4). System Enhancement & Operation		74,786	74,786
(5). Total Construction (1) + (2) + (3) + (4)	0	2,145,313	2,145,313
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	2,538,688	2,538,688
			(Carry forward to page 1)
<b>Notes and Comments:</b>			