

TOWN OF NEW CASTLE, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2022

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Title Page

Table of Contents

FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis i - x

Basic Financial Statements

Government–Wide Financial Statements

Statement of Net Position 1

Statement of Activities 2

Fund Financial Statements

Balance Sheet – Governmental Funds 3

Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds 4

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities 5

Statement of Net Position – Proprietary Fund Type 6

Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Fund Type 7

Statement of Cash Flows – Proprietary Fund Type 8

Notes to Financial Statements 9 – 24

Required Supplementary Information

General Fund – Budgetary Comparison Schedule 25

TABLE OF CONTENTS
(Continued)

	<u>PAGE</u>
FINANCIAL SECTION (Continued)	
Combining and Individual Fund Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	26
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds	27
Conservation Trust Fund – Budgetary Comparison Schedule	28
Cemetery Fund – Budgetary Comparison Schedule	29
Utility Fund – Budgetary Comparison Schedule	30
Compliance	
Local Highway Finance Report	31 - 35

FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Honorable Mayor and Members of the Town Council
Town of New Castle
New Castle, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of New Castle (the "Town") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of New Castle as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Town of New Castle, and to meet our 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America, and for 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 Town'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 opinions. 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of the effectiveness of the Town'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary information on page 25 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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.

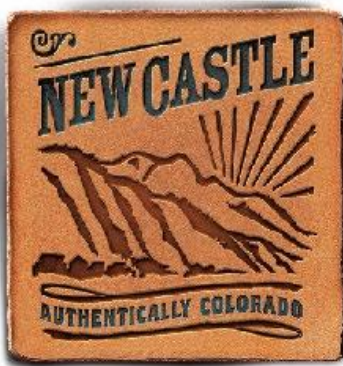
Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund schedules and State Compliance information as listed in the table of contents, 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 combining and individual fund financial schedules and State Compliance have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules and State Compliance are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

John Cutler & Associates, LLC

July 21, 2023



Town of New Castle, Colorado
Management's Discussion and Analysis
Fiscal Year Ending December 31, 2022

This Management's Discussion and Analysis (MD&A) of the Town of New Castle's 2022 financial statements is offered to provide an objective and easy-to-read analysis of the government's financial activities based on currently known facts, decisions and conditions. The MD&A should be read in conjunction with the Town's basic financial statements.

The Town of New Castle is a Home Rule Municipality incorporated in 1888. The Town has seven elected officials who are responsible for all policy decisions that affect the government's financial condition. The appointed Town Administrator is responsible for preparing the annual budget which is adopted by the Council every December. The Town Administrator and appointed Town Finance Director/Treasurer are responsible for financial reporting to the Town Council and to the public at large. The Town maintains four separate funds, which are as follows:

- A) General Fund
- B) Utility Fund
- C) Conservation Trust Fund
- D) Cemetery Fund

Overview of the Financial Statements

The financial section of the audit report is comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements.

Government-wide Financial Statements:

The government-wide financial statements, which consist of the Statement of Net Position and the Statement of Activities, give readers a broad overview of the entire Town's financial position and changes in financial position in a manner similar to a private-sector business. These statements report information about the Town as a whole and include all assets and liabilities using the accrual basis of accounting, which reports all of the current year's revenues and expenses regardless of when the cash is received or paid.

The *statement of net position* (page iv) presents the Town of New Castle's assets and liabilities, with the difference between the two reported as net position. The net position is summarized as follows: 1) invested in capital assets, 2) unreserved or available for any current use. Over a period of time increases or decreases in the Town's net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other non-financial factors, however, such as changes in the Town's property tax base, are needed to assess the overall financial condition of the Town.

The *statement of activities* (page vi) presents data showing how the Town's net position changed as a result of the operations of the Town government during the most recent fiscal year. All changes in net position are reported when an event occurs that requires a revenue or expense to be recognized, regardless of when the related cash is received or disbursed (accrual basis of accounting). Thus, some revenues and expenses reported in this statement will result in cash flows in future periods.

The government-wide financial statements distinguish the different functions of the Town that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from the other functions that are intended to recover all or a significant portion of their costs through user fees or charges for services (*Business Type Activities*). The Governmental Activities of the Town of New Castle include general government, public safety, public works, health and welfare, and parks and recreation. The Business Type Activities include water, wastewater, and trash utilities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town's funds can be divided into three categories: Governmental Fund, Proprietary Fund and Fiduciary Fund.

Governmental Funds (pages 3 - 4) - The activity of the Town's General and Special Revenue funds are reported as governmental funds, which are essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the short-term flow of money into and out of these funds. These statements use the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed view of the Town's general governmental and special revenue operations and the services that are provided. Governmental fund statements help to determine the financial resources that are available to finance the Town's operations and programs in the near future.

Proprietary (Business Like) Fund (pages 6 -8) - The Town of New Castle maintains one proprietary (enterprise) fund, which reports the same functions as the business-type activities in the government-wide financial statements. The Town uses the proprietary fund to account for the water, wastewater and trash operations (**utilities**) that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs, including depreciation, of providing goods or services to the public be financed or recovered primarily through user fees or charges.

Fiduciary (Trust) Fund - A fiduciary fund is a fund that is held in trust for a specific purpose. The Town of New Castle maintains one fiduciary fund which reports the operating activities of the Highland Cemetery. The fiduciary fund is not included in the statement of net position or statement of activities, but is included in the Required Supplemental Information, Budgeted and Actual Revenues and Expenditures.

Notes to the Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 9 – 24 of this report.

Financial Highlights

Governmental Activities

- As of December 31, 2022 the governmental funds held \$ 4,507,468 in assets that were readily convertible to cash and \$322,307 in current liabilities.
- As of December 31, 2022 the Town's governmental activities fund held \$26,119,461 in depreciated capital assets, a 0.65% decrease; and \$291,461 in capital asset liabilities, a 14.05% decrease.
- Total 2022 sales tax revenue increased 14.15% or \$333,340 compared to fiscal year 2021. The 3.5% Town sales tax revenue increased 16.98% or \$359,590 compared to 2021.
- 2022 property tax revenue increased by \$38,409 or 7.81% compared to fiscal year 2021.
- 2022 building permit revenue increased by 20.28% or \$23,752 compared to fiscal year 2021. 2022 use tax revenue increased by 30.71% or \$22,132 compared to fiscal year 2021.
- 2022 lodging tax revenue decreased by 28.78% or \$6,524 compared to fiscal year 2021.
- 2022 mineral lease tax revenue increased by 70.45% or \$104,233 compared to fiscal year 2021 and severance tax revenue increased by 5,172.46% or \$111,932.
- 2022 governmental activities salary expense increased by 22.67% or \$337,601 compared to fiscal year 2021, partially due to a reallocation of salaries among funds. Total salaries for all funds increased by 13.04% or \$298,081 for 2022.
- Total governmental activities net position increased by 1.18% or \$344,009 during the 2022 fiscal year.

Business-type Activities

- As of December 31, 2022 total assets were \$21,270,873, an increase of 4.78% or \$970,741. Cash, investments and receivables increased by \$1,109,450 and capital assets decreased by \$138,799.
- 2022 revenue from the water, wastewater and trash charges for services increased by \$246,327 or 7.75% compared to fiscal year 2021.
- 2022 business-type activities salary expense decreased by 4.96% or \$39,520 compared to fiscal year 2021, partially due to a reallocation of salaries among funds. Total salaries for all funds increased by 13.04% or \$298,081 for 2022.

Business-type Activities (Continued)

- 2022 business-type activities electric and natural gas utility expense of \$216,455 was an increase of 5.79% or \$11,840 compared to fiscal year 2021.
- Total enterprise liabilities increased by \$263,646 during 2022 due to decreases in long term debt and an increase in deferred revenue due to American Rescue Plan Act funds in the amount of \$1,307,772 received in 2021 and 2022. American Rescue Plan funds must be committed by December 31, 2024 and expended by December 31, 2026. No funds were spent as of December 31, 2022.

Statement of Net Position

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

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 4,507,468	\$ 4,019,496	\$ 4,195,036	\$ 3,085,496	\$ 8,702,504	\$ 7,104,992
Capital assets	26,119,461	26,290,440	17,075,837	17,214,636	43,195,298	43,505,076
Total assets	30,626,929	30,309,936	21,270,873	20,300,132	51,897,802	50,610,068
Long-term debt outstanding	241,683	291,461	3,455,473	3,871,392	3,697,156	4,162,853
Other liabilities	845,732	822,970	1,964,907	1,285,342	2,810,639	2,108,312
Total liabilities	1,087,415	1,114,431	5,420,380	5,156,734	6,507,795	6,271,165
Net Position:						
Net Investment in						
Capital assets	25,900,252	26,023,580	13,204,445	12,933,815	39,104,697	38,957,395
Restricted	337,526	291,594	-	-	337,526	291,594
Unrestricted	3,301,736	2,880,331	2,646,048	2,209,583	5,947,784	5,089,914
Total net position	\$ 29,539,514	\$ 29,195,505	\$ 15,850,493	\$ 15,143,398	\$ 45,390,007	\$ 44,338,903

The Town's total net position for fiscal year 2022 increased by 2.37% or \$1,051,104. The Town's assets exceed liabilities by \$45,390,007 (net position) as of December 31, 2022. By far the largest portion of net position (86.15%) is invested in capital assets (e.g. land, buildings, equipment, etc.). The Town uses these capital assets to provide services to citizens; therefore these assets are not available for future spending. Although the Town of New Castle's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to retire these liabilities.

The restricted portion of net position (0.74%) represents resources that are subject to various debt provisions, contracts and agreements on how they may be used. The remaining balance of \$5,947,784 is unrestricted and can be used to meet the Town's ongoing obligations to its citizens and creditors.

Normal Impacts

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

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

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

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

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

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

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

Summary of GASB Statement 54

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

We present the following summary of new fund balance terminology:

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

Statement of Activities

The Statement of Activities takes into consideration the Town as a whole and reflects the change in net position for fiscal year 2022.

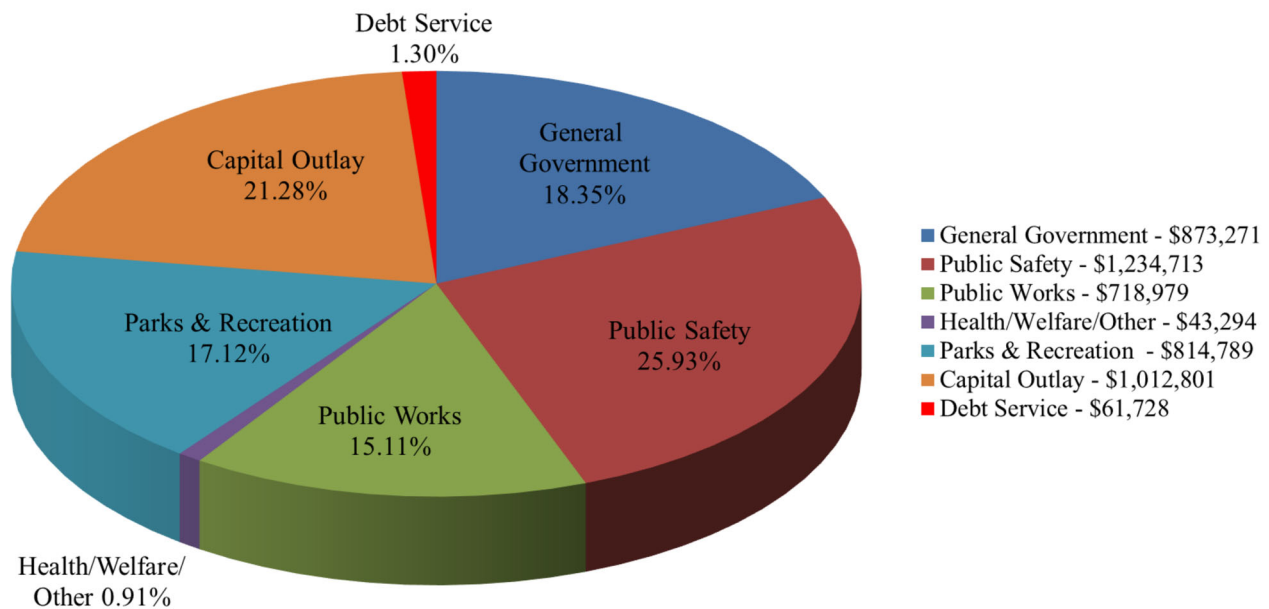
	Governmental		Business Type		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 229,715	\$ 149,139	\$3,769,151	\$3,477,824	\$3,998,866	\$3,626,963
Capital Grants	155,007	139,669	70,772	29,228	225,779	168,897
Total Program Revenues	384,722	288,808	3,839,923	3,507,052	4,224,645	3,795,860
General Revenues						
Sales and Use Taxes	2,688,362	2,355,022	-	-	2,688,362	2,355,022
Property Taxes	530,231	491,822	-	-	530,231	491,822
Franchise Taxes	162,828	130,294	-	-	162,828	130,294
Other Taxes	846,408	508,388	-	-	846,408	508,388
Investment Income	63,783	1,820	165	5	63,948	1,825
Developer Reimbursement	39,499	13,671	-	-	39,499	13,671
Other Revenues	532,026	617,868	17,812	53,855	549,838	671,723
Gain (Loss) on Disposal of Assets	(138,262)	-	-	-	(138,262)	-
Total General Revenues	4,724,875	4,118,885	17,977	53,860	4,742,852	4,172,745
Total Revenue	5,109,597	4,407,693	3,857,900	3,560,912	8,967,497	7,968,605
Expenses:						
General Government	906,386	477,908	-	-	906,386	477,908
Public Safety	1,270,765	1,041,138	-	-	1,270,765	1,041,138
Public Works	1,644,595	1,246,880	-	-	1,644,595	1,246,880
Parks & Recreation	886,471	914,010	-	-	886,471	914,010
Health & Welfare	43,294	36,820	-	-	43,294	36,820
Water	-	-	1,163,782	1,305,858	1,163,782	1,305,858
Wastewater	-	-	1,292,191	1,243,641	1,292,191	1,243,641
Sanitation	-	-	564,612	518,602	564,612	518,602
Interest	14,077	15,940	130,220	140,781	144,297	156,721
Total Expenses	4,765,588	3,732,696	3,150,805	3,208,882	7,916,393	6,941,578
Change in Net Position	\$ 344,009	\$ 674,997	\$ 707,095	\$ 352,030	\$1,051,104	\$1,027,027

Governmental Activities

Taxes comprise the largest source of operating revenue for the Town's governmental activities. 2022 tax source revenue was \$4,227,828, which is 80.56% of total revenues from governmental activities. Property taxes of \$530,231 represent 12.54% of total tax revenue. Charges for services equaled \$229,715 representing 4.38% of total revenues.

The cost of governmental activities (excluding capital outlay) in 2022 was \$3,746,774 compared to \$2,756,955 in 2021, 35.90% increase.

Expenses by Type – Governmental Activities



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

Year to year changes by type of activity:

Expenditures			
Activity	2022	2021	% Change
General Government	\$ 873,271	\$ 443,601	96.86
Public Safety	1,234,713	1,015,999	21.53
Public Works	718,979	364,785	97.10
Health/Welfare/Other	43,294	36,820	17.58
Parks & Recreation	817,798	831,119	(1.60)
Capital Outlay	1,012,801	1,090,773	92.85
Debt Service	61,728	61,631	0.16

Business-type Activities

Total 2022 operating revenue from the Town's business-type activities increased by \$210,284 compared to 2021; operating expenses for 2022 decreased by \$47,513 compared to 2021.

Total business type net position during 2022 increased by \$707,095, mainly due to an adjustment of utility rates, additional tap fees collected and water rights dedication fees due to an uptick of building activity.

Fund Balance

At the end of 2022, the Town's governmental funds reported a combined fund balance of \$3,856,560 (pg. 3). This is an increase of \$488,284 compared to the prior years ending balance. Of this total balance \$2,367,842 is unassigned and available to finance the Town's future operations and programs; \$259,000 is restricted for emergencies, \$158,878 is restricted for Conservation Trust Fund approved expenses, \$78,526 is restricted for cemetery care; \$8,250 is committed for use in operating a volunteer ambulance service *or* to maintain and enhance the municipal parks and trees (Ord. #315), \$1,976 is committed for Police training (Ord. #383 & 2007-4), \$5,494 is committed for Burning Mtn. Ave street maintenance (9/1995 SIA Agreement), and \$374,892 is committed for traffic impacts (Ord. # 2002-17).

At year end the business-type activities reported total net position of \$15,850,493, an increase of \$707,095. Of this total net position \$2,646,048 is unrestricted (pg. 6).

Budgetary Highlights – General Fund – (pg. 25)

The General Fund balance was budgeted to increase by \$2,907 for 2022, the actual increase was \$442,449. This increase was largely due to robust sales tax collections which came in at \$320,668 over budget and increased mineral lease/severance tax revenues as well as overall expense savings in salaries and benefits due to staffing vacancies. Additionally, a trail project totaling \$1.2 million that is being funded by grants and other partners was budgeted both in revenues and expenditures. This project was delayed in 2022 will be completed in 2023.

Capital Assets and Debt Administration

At year end the Town had \$43,195,298 invested in a broad range of capital assets including land and improvements, buildings, parks and equipment, vehicles, equipment, and water and sewer plants and distribution and collection systems. This is a net decrease of \$309,778 or 0.71% from the 2021 year-end amount. 2022 capital additions totaling \$1,710,380 were offset by depreciation in the amount of \$1,717,432. Significant asset additions are detailed on the next page.

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

	Governmental		Business-type		Total Government		
	2022	2021	2022	2021	2022	#	2021
Land	\$15,214,000	\$15,214,000	\$ 469,741	\$ 469,741	\$15,683,741		\$15,683,741
Water Rights	-	-	516,282	516,282	516,282		516,282
Buildings and Improvements	4,547,711	4,455,864	17,823,114	17,213,262	22,370,825		21,669,126
Distribution/Collection Systems	-	-	11,357,711	11,357,711	11,357,711		11,357,711
Infrastructure	19,278,199	18,430,927	-	-	19,278,199		18,430,927
Property and Equipment	1,459,007	1,644,003	822,585	757,468	2,281,592		2,401,471
Construction in Process	305,452	268,744	22,610	80,756	328,062		349,500
Less: Accumulated Depreciation	(14,684,908)	(13,723,098)	(13,936,206)	(13,180,584)	(28,621,114)		(26,903,682)
Total Capital Assets	\$26,119,461	\$26,290,440	\$17,075,837	\$17,214,636	\$43,195,298		\$43,505,076

During 2022 the Town completed a Street Overlay Project on portions of Burning Mountain Avenue, Wagon Wheel, Lariat Loop, Ginseng and the Public Works yard, crack sealing at various sites, asphalt overlay on solid surface trails along Castle Valley Boulevard and Burning Mountain Avenue, a Bio-Solid Drying Station at the wastewater plant, purchased two Chevy Tahoes for the Police Department, a solar panel array, two Chevy Colorado pickups for the Utility Department and various other equipment purchases and capital projects. Significant capital assets added during 2022 are shown below.

Significant 2022 Capital Asset Additions

Street Asphalt Overlay & Crack Sealing Project	\$ 634,597
Bio-Solid Drying Station at Wastewater Plant	586,392
Solid Surface Trails Asphalt Overlay	212,675
2 Chevy Tahoes for Police Department	105,509
Solar Panel Array	68,744
2 Chevy Colorado Pickups for Utility Department	65,116
John Deere Compact Tractor	29,805
Fence at Water Treatment Plant	23,460
Community Center Kitchen Remodel	23,101
Fertilizer Spreader	7,168
Total	<u>\$1,756,567</u>

Outstanding Debt (pg. 21-22)

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
2004 Water Loan	\$ -	\$ -	\$ 420,281	\$ 443,718	\$ 420,281	\$ 443,718
2008 Wastewater Loan	-	-	3,451,111	3,837,103	3,451,111	3,837,103
Notes Payable	291,461	339,112	-	-	291,461	339,112
GO Bonds, Series 2010	-	-	-	-	-	-
Accrued Absences	145,046	124,099	-	-	145,046	124,099
Total Long-term Obligations	<u>\$ 436,507</u>	<u>\$ 463,211</u>	<u>\$3,871,392</u>	<u>\$4,280,821</u>	<u>\$4,307,899</u>	<u>\$4,744,032</u>

Economic and Other Factors

Mostly gone but not yet forgotten, the lack of available labor that followed the exit of COVID continued to haunt local business owners and employers throughout much of 2022. Town staff struggled to stay adequately staffed in the Parks and Public Works Departments, while supply chain issues plagued local builders and added time and cost to the price of every new home.

Despite the challenges New Castle performed well in 2022, providing a high level of service to our residents through the delivery of repaved streets, controlled pricing of utilities, several high-quality town events, upgrades to infrastructure and utilities, replacement of worn equipment, outstanding public safety efforts, fair and equitable decision making by Town Council, and overall great customer service across all departments. Sales tax collections in 2022 continued to rise and finished stronger than predicted, at about 16% over the collections of 2021. With national inflation rates averaging 6.5% and local inflation rates slightly higher, as might be expected our total town expenses increased in 2022. Costs of maintenance supplies, escalating insurance rates, rising labor rates, and increasing health insurance premiums all added to higher-than-normal expenses. 2022 saw increased interest in development as one major developer worked their way through the first two stages of the land use approval process. Other project developers met with town staff to review their incoming land use applications. The town continued to see sharp increases in housing prices and very low inventories throughout 2022. New Castle issued a total of 28 new building permits during the period, but witnessed projects take longer than normal to complete due to the continued lack of labor and materials.

In addition to hosting at least a dozen town organized events in 2022, the town was able to add over \$1.7 million in Capital Asset projects and equipment. Projects added in 2022 included: solid surface asphalt trails, the purchase of a town solar array, Bio-Solids Drying Station at the Waste Water Plant, construction of a commercial community kitchen, street asphalt and overlay projects, fencing at the Water Treatment Plant, and the purchase of additional vehicles and equipment. Many of the projects listed were made possible through significant grant contributions.

In general, 2022 witnessed continued growth in New Castle but was tempered by high inflation, a difficult labor market, and sharply increased housing costs. The town was able to use increased sales tax revenues combined with grant offerings to continue with needed capital projects and other offerings to our residents. The Town Council prioritized the importance of always having proper reserve funds in place and was able to increase its' reserve fund balance by just over \$200,000. Moving into 2023 staff anticipates a slowing of the rise in sales tax revenues, a steady growth in development which will be tempered by labor and material costs, and a continued commitment by the Town Staff and Town Council to provide excellent services and retention of New Castle's charm and character.

BASIC FINANCIAL STATEMENTS

TOWN OF NEW CASTLE, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2022

	GOVERNMENTAL	BUSINESS TYPE	TOTALS	
	ACTIVITIES	ACTIVITIES	2022	2021
ASSETS				
Cash and Investments	\$ 3,454,165	\$ 3,890,242	\$ 7,344,407	\$ 5,729,012
Receivables				
Property Taxes	523,425	-	523,425	537,273
Sales and Other	13,674	-	13,674	-
Accounts	-	304,794	304,794	351,237
Due from Other Governments	516,204	-	516,204	487,470
Capital Assets, not Depreciated	15,519,452	1,008,633	16,528,085	16,549,523
Capital Assets, Depreciated, Net of Accumulated Depreciation	10,600,009	16,067,204	26,667,213	26,955,553
TOTAL ASSETS	30,626,929	21,270,873	51,897,802	50,610,068
LIABILITIES				
Accounts Payable	53,050	99,743	152,793	187,402
Accrued Expenses	24,320	13,135	37,455	31,241
Unearned Revenues	11,356	-	11,356	12,655
Accrued Interest	-	43,297	43,297	43,297
Developer Escrow	38,757	-	38,757	6,575
Deferred Revenue	-	1,324,313	1,324,313	653,886
Compensated Absences	145,046	68,500	213,546	187,349
Noncurrent Liabilities				
Due within One Year	49,778	415,919	465,697	457,080
Due in More Than One Year	241,683	3,455,473	3,697,156	4,162,853
TOTAL LIABILITIES	563,990	5,420,380	5,984,370	5,742,338
DEFERRED INFLOWS				
Deferred Property Tax Revenue	523,425	-	523,425	528,827
NET POSITION				
Investment in Capital Assets	25,900,252	13,204,445	39,104,697	38,957,395
Restricted for Emergencies	259,000	-	259,000	223,000
Restricted for Cemetery Care	78,526	-	78,526	68,594
Unrestricted	3,301,736	2,646,048	5,947,784	5,089,914
TOTAL NET POSITION	\$ 29,539,514	\$ 15,850,493	\$ 45,390,007	\$ 44,338,903

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

TOWN OF NEW CASTLE , COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR</u>	<u>OPERATING</u>	<u>CAPITAL</u>
		<u>SERVICES</u>	<u>GRANTS AND</u>	<u>GRANTS AND</u>
			<u>CONTRIBUTIONS</u>	<u>CONTRIBUTIONS</u>
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 906,386	\$ -	\$ -	\$ 155,007
Public Safety	1,270,765	3,120	-	-
Public Works	1,644,595	-	-	-
Health and Welfare	43,294	-	-	-
Parks and Recreation	886,471	226,595	-	-
Interest on Long-Term Debt	14,077	-	-	-
Total Governmental Activities	4,765,588	229,715	-	155,007
Business-Type Activities				
Water	1,163,782	1,324,199	-	171,300
Wastewater	1,292,191	1,525,659	70,772	171,300
Trash	564,612	576,693	-	-
Interest on Long-Term Debt	130,220	-	-	-
Total Business-Type Activities	3,150,805	3,426,551	-	342,600
Total Primary Government	\$ 7,916,393	\$ 3,656,266	\$ -	\$ 497,607

GENERAL REVENUES

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

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2022	2021
\$ (751,379)	\$ -	\$ (751,379)	\$ (372,496)
(1,267,645)	-	(1,267,645)	(1,041,138)
(1,644,595)	-	(1,644,595)	(1,188,886)
(43,294)	-	(43,294)	(36,820)
(659,876)	-	(659,876)	(788,608)
(14,077)	-	(14,077)	(15,940)
(4,380,866)	-	(4,380,866)	(3,443,888)
-	331,717	331,717	156,271
-	475,540	475,540	266,443
-	12,081	12,081	16,237
-	(130,220)	(130,220)	(140,781)
-	689,118	689,118	298,170
(4,380,866)	689,118	(3,691,748)	(3,145,718)
2,688,362	-	2,688,362	2,355,022
530,231	-	530,231	491,822
39,598	-	39,598	36,425
162,828	-	162,828	130,294
806,810	-	806,810	471,963
63,783	165	63,948	1,825
39,499	-	39,499	13,671
532,026	17,812	549,838	671,723
(138,262)	-	(138,262)	-
4,724,875	17,977	4,742,852	4,172,745
344,009	707,095	1,051,104	1,027,027
29,195,505	15,143,398	44,338,903	43,311,876
<u>\$ 29,539,514</u>	<u>\$ 15,850,493</u>	<u>\$ 45,390,007</u>	<u>\$ 44,338,903</u>

TOWN OF NEW CASTLE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2022

	GENERAL	NON-MAJOR	TOTAL	
	FUND	GOVERNMENTAL	GOVERNMENTAL	
		FUNDS	FUNDS	
			2022	2021
ASSETS				
Cash and Investments	\$ 3,226,588	\$ 227,577	\$ 3,454,165	\$ 3,023,981
Taxes Receivable	523,425	-	523,425	537,273
Due from Other Governments	516,204	-	516,204	458,242
Accounts Receivable	13,674	-	13,674	-
Due from Other Funds	-	10,000	10,000	-
TOTAL ASSETS	<u>\$ 4,279,891</u>	<u>\$ 237,577</u>	<u>\$ 4,517,468</u>	<u>\$ 4,019,496</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 52,877	\$ 173	\$ 53,050	\$ 83,682
Accrued Liabilities	24,320	-	24,320	19,481
Unearned Revenues	11,356	-	11,356	12,655
Due to Other Funds	10,000	-	10,000	-
Deposits and Escrow	38,757	-	38,757	6,575
TOTAL LIABILITIES	<u>137,310</u>	<u>173</u>	<u>137,483</u>	<u>122,393</u>
DEFERRED INFLOWS				
Deferred Property Taxes	<u>523,425</u>	<u>-</u>	<u>523,425</u>	<u>528,827</u>
Fund Balance				
Restricted	259,000	237,404	496,404	414,569
Committed	408,471	-	408,471	351,715
Assigned	712,885	-	712,885	601,702
Unassigned	<u>2,238,800</u>	<u>-</u>	<u>2,238,800</u>	<u>2,000,290</u>
TOTAL FUND EQUITY	<u>3,619,156</u>	<u>237,404</u>	<u>3,856,560</u>	<u>3,368,276</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	<u>\$ 4,279,891</u>	<u>\$ 237,577</u>		

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	26,119,461	26,290,440
Long-term liabilities are not due and payable in the current period and are not reported in the funds. This includes Notes Payable (\$291,461) and Accrued Compensated Absences (\$145,046).	<u>(436,507)</u>	<u>(463,211)</u>
Net position of governmental activities	<u>\$ 29,539,514</u>	<u>\$ 29,195,505</u>

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

TOWN OF NEW CASTLE, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2022

	GENERAL	NON-MAJOR	TOTAL	
	FUND	GOVERNMENTAL	GOVERNMENTAL	
		FUNDS	FUNDS	
			2022	2021
REVENUES				
Taxes	\$ 4,227,828	\$ -	\$ 4,227,828	\$ 3,485,852
Licenses and Permits	156,495	-	156,495	128,577
Intergovernmental	410,114	72,874	482,988	543,587
Charges for Services	229,715	10,400	240,115	159,239
Court	5,619	-	5,619	16,600
Developer Reimbursements	39,499	-	39,499	13,671
Interest	63,783	247	64,030	1,560
Miscellaneous	31,285	-	31,285	58,607
TOTAL REVENUES	5,164,338	83,521	5,247,859	4,407,693
EXPENDITURES				
General Government	873,271	-	873,271	443,601
Public Safety	1,234,713	-	1,234,713	1,015,999
Public Works	718,979	-	718,979	364,785
Health and Welfare	42,581	713	43,294	36,820
Parks and Recreation	777,816	36,973	814,789	834,119
Debt Service				
Principal	47,651	-	47,651	45,691
Interest	14,077	-	14,077	15,940
Capital Outlay	1,012,801	-	1,012,801	1,090,773
TOTAL EXPENDITURES	4,721,889	37,686	4,759,575	3,847,728
NET CHANGE IN FUND BALANCES	442,449	45,835	488,284	559,965
FUND BALANCES, Beginning	3,176,707	191,569	3,368,276	2,808,311
FUND BALANCES, Ending	\$ 3,619,156	\$ 237,404	\$ 3,856,560	\$ 3,368,276

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

TOWN OF NEW CASTLE, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 488,284
---	------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$1,045,518) and loss on disposal (\$138,262) exceeds capital outlay \$1,012,801.	(170,979)
---	-----------

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include a payments on Notes Payable (\$47,651) and change in Accrued Compensated Absences of \$20,947.	26,704
---	--------

Change in Net Position of Governmental Activities	<u>\$ 344,009</u>
---	-------------------

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

TOWN OF NEW CASTLE, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
As of December 31, 2022

	2022	2021
ASSETS		
Current Assets		
Cash and Investments	\$ 3,890,242	\$ 2,705,031
Accounts Receivable	304,794	351,237
Due from Other Governments	-	29,228
Total Current Assets	4,195,036	3,085,496
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	17,075,837	17,214,636
Total Noncurrent Assets	17,075,837	17,214,636
TOTAL ASSETS	21,270,873	20,300,132
LIABILITIES		
Current Liabilities		
Accounts Payable	99,743	103,720
Accrued Expenses	10,425	10,760
Accrued Interest Payable	43,297	43,297
Notes Payable, Current	415,919	409,429
Deferred Revenue	1,324,313	653,886
Total Current Liabilities	1,893,697	1,221,092
Noncurrent Liabilities		
Deposits	2,710	1,000
Compensated Absences	68,500	63,250
Notes Payable, Long Term	3,455,473	3,871,392
Total Noncurrent Liabilities	3,526,683	3,935,642
TOTAL LIABILITIES	5,420,380	5,156,734
NET POSITION		
Net Investment in Capital Assets	13,204,445	12,933,815
Unrestricted	2,646,048	2,209,583
TOTAL NET POSITION	\$ 15,850,493	\$ 15,143,398

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

TOWN OF NEW CASTLE, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2022

	2022	2021
OPERATING REVENUES		
Water Sales	\$ 1,324,199	\$ 1,135,301
Wastewater Sales	1,525,659	1,510,084
Trash Sales	576,693	534,839
Other Revenues	17,812	53,855
	<u>3,444,363</u>	<u>3,234,079</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Water	1,163,782	1,305,858
Wastewater	1,292,191	1,243,641
Trash	564,612	518,602
	<u>3,020,585</u>	<u>3,068,101</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME (LOSS)	<u>423,778</u>	<u>165,978</u>
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental Grants	70,772	29,228
Interest Income	165	5
Interest Expense	(130,220)	(140,781)
	<u>(59,283)</u>	<u>(111,548)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)		
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>364,495</u>	<u>54,430</u>
CONTRIBUTIONS AND TRANSFERS		
Capital Contributions	342,600	297,600
	<u>342,600</u>	<u>297,600</u>
TOTAL CONTRIBUTIONS AND TRANSFERS		
NET INCOME (LOSS)	707,095	352,030
NET POSITION, Beginning	<u>15,143,398</u>	<u>14,791,368</u>
NET POSITION, Ending	<u>\$ 15,850,493</u>	<u>\$ 15,143,398</u>

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

TOWN OF NEW CASTLE, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUND TYPE

Year Ended December 31, 2022

Increase (Decrease) in Cash and Cash Equivalents

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 3,490,806	\$ 3,210,912
Cash Paid to Suppliers	(2,268,941)	(1,526,062)
Cash Paid to Employees	4,915	(722,369)
Net Cash Provided by Operating Activities	<u>1,226,780</u>	<u>962,481</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Fixed Assets	(616,822)	(121,800)
Note Payments	(409,429)	(397,547)
Interest Payments	(130,220)	(181,319)
Intergovernmental Grants	770,427	734,886
Tap Fees and Capital Contributions	344,310	297,240
Net Cash Used by Capital and Related Financing Activities	<u>(41,734)</u>	<u>331,460</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>165</u>	<u>5</u>
Net (Decrease) in Cash and Cash Equivalents	1,185,211	1,293,946
CASH AND CASH EQUIVALENTS, Beginning	<u>2,705,031</u>	<u>1,411,085</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 3,890,242</u>	<u>\$ 2,705,031</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	<u>\$ 423,778</u>	<u>\$ 165,978</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	755,621	773,627
Changes in Assets and Liabilities		
Accounts Receivable	46,443	(23,167)
Accounts Payable	(3,977)	33,902
Accrued Expenses	(335)	(5,360)
Accrued Compensated Absences	5,250	17,501
Total Adjustments	<u>803,002</u>	<u>796,503</u>
Net Cash Provided by Operating Activities	<u>\$ 1,226,780</u>	<u>\$ 962,481</u>

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of New Castle, Colorado was founded in 1888. The Town is governed by a Mayor and six-member council elected by the residents.

The accounting policies of the Town of New Castle, Colorado (the “Town”) conform to generally accepted accounting principles as applicable to governments. Following is a summary of the more significant policies.

Reporting Entity

In accordance with governmental accounting standards, the Town of New Castle has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based on the application of these criteria, the Town does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

In the fund financial statements, the Town reports the following major governmental fund:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The Town reports the following major proprietary fund:

The *Utility Fund* accounts for the financial activities associated with the provision of water, wastewater, and trash services.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Additionally, the Town reports the following fund type:

Permanent Fund – The *Cemetery Permanent Fund* accounts for the activities of the Town cemetery, including the sale of plots and maintenance.

Cash and Investments

Cash equivalents include investments with original maturities of three months or less.

Investments are recorded at fair value.

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property and equipment of the Town is depreciated using the straight line method over the following estimated useful lives:

Buildings and Improvements	10 - 40 years
Water and Sewer Plants	10 - 50 years
Water and Sewer Lines	10 - 50 years
Machinery and Equipment	5 - 40 years
Infrastructure	10 - 20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

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

Compensated Absences

Employees of the Town are allowed to accumulate unused vacation time up to 320 hours or 40 days and an unlimited amount of unused sick time. Upon termination of employment from the Town, employees will be compensated for all accrued vacation time at their current pay rate. Employees are not compensated for any of their accrued sick time.

These compensated absences are recognized as current salary costs when earned in the proprietary fund types and when due in the governmental fund types. A liability has been recorded in the government-wide financial statements for the accrued compensated absences.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fund Balance Classification

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The Town did not report any fund balance nonspendable at December 31, 2022.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified the following amounts as restricted as of December 31, 2022:

Emergency Reserves	\$ 259,000
Parks and Recreation	158,878
Cemetery Care	<u>78,526</u>
Total	<u>\$ 496,404</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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

Fund Balance Classification (Continued)

- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town has classified the following amounts as committed as of December 31, 2022:

Support of Volunteer Ambulance Service	\$ 8,250
Police Training	1,976
Burning Mountain Avenue Street Maintenance	5,494
Traffic Impacts	<u>392,751</u>
Total	<u>\$ 408,471</u>

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

The Town has classified the following amounts as assigned as of December 31, 2022:

Long-term Capital Reserve	<u>\$ 712,885</u>
---------------------------	--------------------------

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

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the Town on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to September 30, the Town staff submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 2: **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (Continued)

- The Town Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Town Council.
- Budgets are legally adopted for all funds of the Town. Budgets for the General, Conservation Trust, and Cemetery Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparisons presented for the Utility Fund is presented on a non-GAAP budgetary basis. Capital outlay is budgeted as an expenditure and depreciation is not budgeted.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Town Council. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations by fund.

NOTE 3: **DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of December 31, 2022 follows:

Cash Deposits	\$ 2,221,504
Investments	<u>5,122,903</u>
Total	<u>\$ 7,344,407</u>

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

Governmental Activities	\$ 3,454,165
Business-Type Activities	<u>3,890,242</u>
Total	<u>\$ 7,344,407</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2022, State regulatory commissioners have indicated that all financial institutions holding deposits for the Town are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Custodial Credit Risk – Deposits (Continued)

The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The Town has no policy regarding custodial credit risk for deposits.

At December 31, 2022, the Town had deposits with financial institutions with a carrying amount of \$2,221,504. The bank balances with the financial institutions were \$2,193,810. Of these balances, \$250,000 was covered by federal depository insurance, \$1,838,624 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA) and \$105,186 were uninsured.

Investments

Interest Rate Risk

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

Credit Risk

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

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

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Local Government Investment Pools

The Town had invested \$3,206,638 in the Colorado Surplus Asset Fund Trust (CSAFE) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE reports its underlying investments at amortized costs and is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to \$1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

CSAFE is rated AAAM by Standard and Poor's. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are owned by the pools and held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pools. Investments of the pools comply with state statutes, consisting of U.S. Treasury bills, notes and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits and Money Market Funds. CSAFE does not have any limitations or restrictions on participant withdrawals.

The Town had invested \$1,916,265 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Fair Value (Continued)

The Town does not carry any additional investments subject to these fair value measurements.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2022 is summarized below:

	Balances <u>12/31/21</u>	Additions	Deletions	Balances <u>12/31/22</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 15,214,000	\$ -	\$ -	\$ 15,214,000
Construction in Progress	<u>268,744</u>	<u>110,352</u>	<u>73,644</u>	<u>305,452</u>
Total Capital Assets, not depreciated	<u>15,482,744</u>	<u>110,352</u>	<u>73,644</u>	<u>15,519,452</u>
Capital Assets, depreciated				
Buildings	4,455,864	91,847	-	4,547,711
Machinery and Equipment	1,644,003	36,973	221,970	1,459,006
Infrastructure	<u>18,430,927</u>	<u>847,273</u>	<u>-</u>	<u>19,278,200</u>
Total Capital Assets, depreciated	<u>24,530,794</u>	<u>976,093</u>	<u>221,970</u>	<u>25,284,917</u>
Less Accumulated Depreciation				
Buildings	2,233,100	116,095	-	2,349,195
Machinery and Equipment	950,456	116,523	83,708	983,271
Infrastructure	<u>10,539,542</u>	<u>812,900</u>	<u>-</u>	<u>11,352,442</u>
Total Accumulated Depreciation	<u>13,723,098</u>	<u>1,045,518</u>	<u>83,708</u>	<u>14,684,908</u>
Total Capital Assets, depreciated, Net	<u>10,807,696</u>	<u>(69,425)</u>	<u>138,262</u>	<u>10,600,009</u>
Governmental Activities, Capital Assets, Net	<u>\$ 26,290,440</u>	<u>\$ 40,927</u>	<u>\$ 211,906</u>	<u>\$ 26,119,461</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 4: CAPITAL ASSETS (Continued)

	Balances <u>12/31/21</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/22</u>
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 469,741	\$ -	\$ -	\$ 469,741
Water Rights	516,282	-	-	516,282
Construction in Progress	<u>80,756</u>	<u>22,610</u>	<u>80,756</u>	<u>22,610</u>
Total Capital Assets, not depreciated	<u>1,066,779</u>	<u>22,610</u>	<u>80,756</u>	<u>1,008,633</u>
Capital Assets, depreciated				
Buildings and Improvements	17,213,262	609,852	-	17,823,114
Distribution and Collection	11,357,711	-	-	11,357,711
Machinery and Equipment	<u>757,468</u>	<u>65,117</u>	<u>-</u>	<u>822,585</u>
Total Capital Assets, depreciated	<u>29,328,441</u>	<u>674,969</u>	<u>-</u>	<u>30,003,410</u>
Less: Accumulated Depreciation				
Buildings and Improvements	7,312,075	466,015	-	7,778,090
Distribution and Collection	5,371,696	241,142	-	5,612,838
Machinery and Equipment	<u>496,813</u>	<u>48,465</u>	<u>-</u>	<u>545,278</u>
Total Accumulated Depreciation	<u>13,180,584</u>	<u>755,622</u>	<u>-</u>	<u>13,936,206</u>
Total Capital Assets, depreciated, Net	<u>16,147,857</u>	<u>(80,653)</u>	<u>-</u>	<u>16,067,204</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 17,214,636</u>	<u>\$ (58,043)</u>	<u>\$ (80,756)</u>	<u>\$ 17,075,837</u>

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

Governmental Activities

General Government	\$ 12,168
Public Safety	36,052
Public Works	925,616
Parks and Recreation	<u>71,682</u>

\$ 1,045,518

Business-type Activities

Water	\$ 276,871
Sewer	<u>478,751</u>

\$ 755,622

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2022.

	<u>Balance</u> <u>12/31/21</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/22</u>	<u>Due In</u> <u>One Year</u>
Notes Payable	\$ 339,112	\$ -	\$ 47,651	\$ 291,461	\$ 49,778
Accrued Compensated Absences	<u>124,099</u>	<u>20,947</u>	<u>-</u>	<u>145,046</u>	<u>-</u>
Total	<u>\$ 463,211</u>	<u>\$ 20,947</u>	<u>\$ 47,651</u>	<u>\$ 436,507</u>	<u>\$ 49,778</u>

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

Note Payable

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

Annual debt service requirements for the Notes and Bonds Payable at December 31, 2022 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 49,778	\$ 11,778	\$ 61,556
2024	52,000	9,555	61,555
2025	54,321	7,234	61,555
2026	56,746	4,809	61,555
2027	59,279	2,276	61,555
2028	<u>19,337</u>	<u>177</u>	<u>19,514</u>
Total Debt Service Requirements	<u>\$ 291,461</u>	<u>\$ 35,829</u>	<u>\$ 327,290</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2022.

	<u>Balance</u> <u>12/31/21</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/22</u>	<u>Due In</u> <u>One Year</u>
2004 CWCB Loan	\$ 443,718	\$ -	\$ 23,437	\$ 420,281	\$ 24,491
2008 CWRPDA Loan	<u>3,837,103</u>	<u>-</u>	<u>385,992</u>	<u>3,451,111</u>	<u>391,428</u>
Total	<u>\$ 4,280,821</u>	<u>\$ -</u>	<u>\$ 409,429</u>	<u>\$ 3,871,392</u>	<u>\$ 415,919</u>

Loans Payable

2004 Colorado Water Conservation Board (CWCB) Loan

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

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

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

Future Debt Service Requirements

Annual debt service requirements for the outstanding loans at December 31, 2021 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 415,919	\$ 95,001	\$ 510,920
2024	422,459	85,787	508,246
2025	434,483	76,309	510,792
2026	441,123	65,599	506,722
2027	453,254	56,264	509,518
2028-2032	1,584,832	116,926	1,701,758
2033-2035	<u>119,322</u>	<u>10,896</u>	<u>130,218</u>
Total Debt Service Requirements	<u>\$ 3,871,392</u>	<u>\$ 506,782</u>	<u>\$ 4,378,174</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 6: RETIREMENT COMMITMENTS

Employee Pension Plan

The Town contributes to a multiple employer defined contribution retirement plan administered by the Colorado Officials and Employees Retirement Association. Every employee who is employed by the Town is eligible to participate in the Plan immediately upon hire. Both the Town and the employee contribute from three to six percent of the employee's base salary. Plan provisions are established and may be amended by Town Council. During the years ended December 31, 2021 and 2022, employer and employees contributed \$80,715 and \$85,605, respectively, equal to their required contribution

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

NOTE 7: PUBLIC ENTITY RISK POOL

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

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

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

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 8: COMMITMENTS AN CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. On November 1994, voters within the Town approved the collection, retention and expenditure of State grants, all sales and use taxes and all other revenue generated by the Town in 1995 and subsequent years without limitation, notwithstanding the provisions of the Amendment. The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2022, the emergency reserve of \$259,000 was recorded in the General Fund

NOTE 9: SUBSEQUENT EVENTS

Potential subsequent events were considered through July 21, 2023. It was determined that the following event is required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NEW CASTLE, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2022

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES				
Taxes	\$ 3,713,535	\$ 4,227,828	\$ 514,293	\$ 3,485,852
Licenses and Permits	134,855	156,495	21,640	128,577
Intergovernmental	1,797,066	410,114	(1,386,952)	480,455
Charges for Services	162,100	229,715	67,615	149,139
Court	10,500	5,619	(4,881)	16,600
Developer Reimbursements	40,000	39,499	(501)	13,671
Interest	2,250	63,783	61,533	1,494
Sale of Assets	-	-	-	-
Miscellaneous	93,991	31,285	(62,706)	58,607
TOTAL REVENUES	<u>5,954,297</u>	<u>5,164,338</u>	<u>(789,959)</u>	<u>4,334,395</u>
EXPENDITURES				
Current				
General Government	882,556	873,271	9,285	443,601
Public Safety	1,365,952	1,234,713	131,239	1,015,999
Public Works	911,614	718,979	192,635	364,785
Health and Welfare	39,000	42,581	(3,581)	36,595
Parks and Recreation	876,731	777,816	98,915	773,109
Capital Outlay	1,813,981	1,012,801	801,180	1,090,773
Debt Service				
Principal	47,248	47,651	(403)	45,691
Interest	14,308	14,077	231	15,940
TOTAL EXPENDITURES	<u>5,951,390</u>	<u>4,721,889</u>	<u>1,229,501</u>	<u>3,786,493</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,907</u>	<u>442,449</u>	<u>439,542</u>	<u>547,902</u>
NET CHANGE IN FUND BALANCE	2,907	442,449	439,542	547,902
FUND BALANCE, Beginning	<u>3,006,341</u>	<u>3,176,707</u>	<u>170,366</u>	<u>2,628,805</u>
FUND BALANCE, Ending	<u>\$ 3,009,248</u>	<u>\$ 3,619,156</u>	<u>\$ 609,908</u>	<u>\$ 3,176,707</u>

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

TOWN OF NEW CASTLE, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2022

	SPECIAL REVENUE FUND	PERMANENT FUND		
	CONSERVATION TRUST FUND	CEMETERY TRUST FUND	TOTALS	
			2022	2021
ASSETS				
Cash	\$ 148,878	\$ 78,699	\$ 227,577	\$ 191,781
Due from Other Funds	10,000	-	10,000	-
TOTAL ASSETS	<u>\$ 158,878</u>	<u>\$ 78,699</u>	<u>\$ 237,577</u>	<u>\$ 193,802</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	<u>\$ -</u>	<u>\$ 173</u>	<u>\$ 173</u>	<u>\$ 212</u>
FUND EQUITY				
Fund Balance				
Restricted for Cemetery Care	\$ -	\$ 78,526	\$ 78,526	\$ 68,594
Restricted for Park and Recreation	<u>158,878</u>	<u>-</u>	<u>158,878</u>	<u>122,975</u>
TOTAL FUND EQUITY	<u>158,878</u>	<u>78,526</u>	<u>237,404</u>	<u>191,569</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 158,878</u>	<u>\$ 78,699</u>	<u>\$ 237,577</u>	<u>\$ 191,781</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2022

	SPECIAL REVENUE FUND CONSERVATION TRUST FUND	PERMANENT FUND CEMETERY TRUST FUND	TOTALS	
			2022	2021
REVENUES				
Intergovernmental	\$ 72,874	\$ -	\$ 72,874	\$ 63,132
Charges for Services	-	10,400	10,400	10,100
Interest	2	245	247	66
TOTAL REVENUES	72,876	10,645	83,521	73,298
EXPENDITURES				
Health and Welfare	-	713	713	225
Parks and Recreation	36,973	-	36,973	61,010
TOTAL EXPENDITURES	36,973	713	37,686	61,235
NET CHANGE IN FUND BALANCES	35,903	9,932	45,835	12,063
FUND BALANCES, Beginning	122,975	68,594	191,569	179,506
FUND BALANCES, Ending	\$ 158,878	\$ 78,526	\$ 237,404	\$ 191,569

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2022

	2022			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES				
Intergovernmental	\$ 52,022	\$ 72,874	\$ 20,852	\$ 63,132
Interest	50	2	(48)	59
TOTAL REVENUES	52,072	72,876	20,804	63,191
EXPENDITURES				
Parks and Recreation	46,500	36,973	9,527	61,010
NET CHANGE IN FUND BALANCE	5,572	35,903	30,331	2,181
FUND BALANCE, Beginning	121,073	122,975	1,902	120,794
FUND BALANCE, Ending	<u>\$ 126,645</u>	<u>\$ 158,878</u>	<u>\$ 32,233</u>	<u>\$ 122,975</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

CEMETERY FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2022

	2022			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES				
Sale of Plots	\$ 15,000	\$ 10,400	\$ (4,600)	\$ 10,100
Interest and Other	8	245	237	7
TOTAL REVENUES	15,008	10,645	(4,363)	10,107
EXPENDITURES				
Health and Welfare	2,500	713	1,787	225
NET CHANGE IN FUND BALANCE	12,508	9,932	(2,576)	9,882
FUND BALANCE, Beginning	66,719	68,594	1,875	58,712
FUND BALANCE, Ending	<u>\$ 79,227</u>	<u>\$ 78,526</u>	<u>\$ (701)</u>	<u>\$ 68,594</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

UTILITY FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2022

	2022			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES				
Water Sales	\$ 1,171,497	\$ 1,324,199	\$ 152,702	\$ 1,135,301
Wastewater Sales	1,529,454	1,525,659	(3,795)	1,510,084
Trash Sales	576,940	576,693	(247)	534,839
Intergovernmental Grants	70,165	70,772	607	29,228
Tap Fees and Contributions	165,000	342,600	177,600	297,600
Interest	10	165	155	5
Other Revenues	38,000	17,812	(20,188)	53,855
TOTAL REVENUES	3,551,066	3,857,900	306,834	3,560,912
EXPENDITURES				
Water	986,116	861,534	124,582	996,407
Wastewater	984,101	838,818	145,283	779,465
Trash	573,040	564,612	8,428	518,602
Debt Service	540,031	539,649	382	538,328
Capital Outlay	478,900	697,579	(218,679)	121,801
TOTAL EXPENDITURES	3,562,188	3,502,192	59,996	2,954,603
NET INCOME, Budget Basis	\$ (11,122)	355,708	\$ 366,830	606,309
GAAP BASIS ADJUSTMENTS				
Capital Outlay		697,579		121,801
Loan Principal Payments		409,429		397,547
Depreciation		(755,621)		(773,627)
NET INCOME, GAAP Basis		707,095		352,030
NET POSITION, Beginning		15,143,398		14,791,368
NET POSITION, Ending		\$ 15,850,493		\$ 15,143,398

See the accompanying independent auditors' report.

COMPLIANCE



COLORADO
Department of Transportation

Steps for printing your content and returning to 'Edit Mode

1. Click Ctrl + A on a Windows machine or Command + A on a Mac to select all data.
2. Right-click your mouse and select Print.
3. Confirm that print settings are correct - make sure "selection only" isn't checked.
4. Print hard copy or to PDF.
5. Click "Edit Mode" to return to modifying your data.
6. Remember to click "Save" to save any changes.

Annual Highway Finance Report - CY22

Email address:

City/County:

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes

A. Receipts from local sources

2. General Fund Appropriations:	\$	669,446.00
3. Other local imposts: <i>from A.3. 'Total' below)</i>	\$	973,016.00
4. Miscellaneous local receipts: <i>from A.4. 'Total' below)</i>	\$	140,681.00
5. Transfers from toll facilities	\$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	0.00
b. Bonds - Refunding Issues:	\$	0.00
c. Notes:	\$	0.00

SubTotal: \$

B. Private Contributions \$

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes (Detail)

A.3. | Other local imposts

a. Property Taxes & Assessments	\$	0.00
b. Other Local Imposts		
1. Sales Taxes:	\$	900,594.00
2. Infrastructure and Impact Fees:	\$	33,299.00
3. Liens:	\$	0.00
4. Licenses:	\$	0.00
5. Specific Ownership and/or Other:	\$	39,123.00
Total: (a + b) carried to 'Other local imposts' above	\$	973,016.00

A.4. | Miscellaneous local receipts

a. Interest on Investments:	\$	40.00
b. Traffic fines and Penalties:	\$	5,427.00
c. Parking Garage Fees:	\$	0.00
d. Parking Meter Fees:	\$	0.00
e. Sale of Surplus Property:	\$	0.00
f. Charges for Services:	\$	0.00
g. Other Misc. Receipts:	\$	3,214.00
h. Other:	\$	132,000.00
Total: (a through h) carried to 'Misc local receipts' above	\$	140,681.00

C. Receipts from State Government

1. Highway User Taxes:	\$	145,297.00
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	20,574.00
d. Other (Specify):		
Comments: undefined	\$	0.00
e. Other (Specify):		
Comments: undefined	\$	0.00
Total: (1+3c,d,e)	\$	165,871.00

D. Receipts from Federal Government

2. Other Federal Agencies		
a. Forest Service:	\$	0.00

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

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes

A. Local highway disbursements

1. Capital outlay: <i>(from A.1.d. 'Total Capital Outlay' below)</i>	\$	313,924.00
2. Maintenance:	\$	852,239.00
3. Road and street services		
a. Traffic control operations:	\$	13,499.00
b. Snow and ice removal:	\$	67,499.00
c. Other:	\$	52,363.00
4. General administration and miscellaneous	\$	32,134.00
5. Highway law enforcement and safety	\$	617,356.00
Total: (A.1-5)	\$	1,949,014.00

B. Debt service on local obligations

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

C. Payments to State for Highways:	\$	0.00
D. Payments to Toll Facilities:	\$	0.00

Total Disbursements: $(A+B+C+D)$ \$ 1,949,014.00

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes - (Detail)

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	\$ 0.00	\$ 0.00	\$ 0.00
b. Engineering Costs:	\$ 0.00	\$ 0.00	\$ 0.00
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$ 0.00
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$ 0.00
3. System Preservation:	\$ 0.00	\$ 101,249.00	\$ 101,249.00
4. System Enhancement:	\$ 0.00	\$ 212,675.00	\$ 212,675.00
5. Total Construction:			\$ 313,924.00
d. Total Capital Outlay: <i>(Lines A.1.a. + 1.b. + 1.c.5)</i>			\$ 313,924.00

Receipts, Disbursements & Costs

IV. Local Highway Debt Status

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

Receipts, Disbursements & Costs

V - Local Road & Street Fund Balance

A. Beginning Balance	B. Total Receipts	C.Total Disbursements	D. Ending Balance	E. Reconciliation
\$ 0.00	\$ 1,949,014.00	\$ 1,949,014.00	\$ 0.00	\$ 0.00

Notes and Comments:

Please enter your name: Viktoriya Ehlers

Please provide a telephone number where you may be reached: 970.984.2311 #104

Save

Print Mode

Edit Mode

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

