

TOWN OF NEW CASTLE, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2015

TABLE OF CONTENTS

	<u>PAGE</u>
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 – 25
Required Supplementary Information	
General Fund – Budgetary Comparison Schedule	26

TABLE OF CONTENTS
(Continued)

	<u>PAGE</u>
FINANCIAL SECTION (Continued)	
Combining and Individual Fund Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	27
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds	28
Conservation Trust Fund – Budgetary Comparison Schedule	29
Cemetery Fund – Budgetary Comparison Schedule	30
Utility Fund – Budgetary Comparison Schedule	31
Compliance	
Local Highway Finance Report	32 - 33

FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of New Castle, Colorado, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of New Castle, Colorado, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

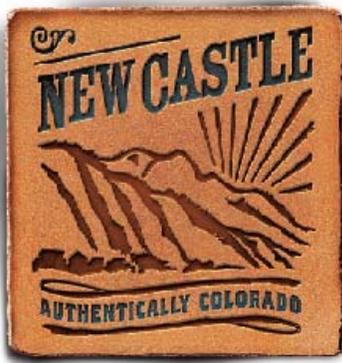
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary information on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements,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

Other Information

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

John Luttrell & Associates, LLC

July 25, 2016



Town of New Castle, Colorado
Management's Discussion and Analysis
Fiscal Year Ending December 31, 2015

This Management's Discussion and Analysis (MD&A) of the Town of New Castle's 2015 financial statements is offered to provide an objective and easy-to-read analysis of the government's financial activities based on currently known facts, decisions and conditions. The MD&A should be read in conjunction with the Town's basic financial statements.

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

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

Overview of the Financial Statements

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

Government-wide Financial Statements:

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

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

The *statement of activities* (page vi) presents data showing how the Town's net position changed as a result of the operations of the Town government during the most recent fiscal year. All changes in net assets 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 -7) - The Town of New Castle maintains one proprietary (enterprise) fund, which reports the same functions as the business-type activities in the government-wide financial statements. The Town uses the proprietary fund to account for the water, wastewater and trash operations (**utilities**) that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs, including depreciation, of providing goods or services to the public be financed or recovered primarily through user fees or charges.

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

Notes to the Financial Statements

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

Financial Highlights

Governmental Activities

- As of December 31, 2015 the governmental funds held \$ 1,994,095 in assets that were readily convertible to cash and \$693,807 in current liabilities.
- As of December 31, 2015 the Town's governmental activities fund held \$12,426,996 in depreciated capital assets, a 3.17% decrease; and \$687,986 in capital asset liabilities (pg. 20), a 10.82% increase.
- Total 2015 sales tax revenue increased 6.34% or \$79,132 compared to fiscal year 2014. The 3.5% Town sales tax revenue increased 6.43% or \$72,435 compared to 2014.
- 2015 property tax revenue increased by \$9,277 or 2.63% compared to fiscal year 2014.
- 2015 building permit revenue increased by 90.72% or \$37,681 compared to fiscal year 2014. 2015 use tax revenue increased by 73.46% or \$14,714 compared to fiscal year 2014.
- 2015 lodging tax revenue increased by 24.14% or \$2,370 compared to fiscal year 2014.
- 2015 mineral lease tax revenue decreased by 37.68% or \$152,457 compared to fiscal year 2014 and severance tax revenue increased by 8.62% or \$15,458.
- 2015 governmental activities salary expense increased by 3.56% or \$38,316 compared to fiscal year 2014.
- Total governmental activities net position (assets) decreased by 0.36% or \$104,420 during the 2015 fiscal year.

Business-type Activities

- As of December 31, 2015 total assets were \$21,368,294, a decrease of 2.77% or \$607,789. Cash, investments and receivables decreased by \$48,477 and capital assets decreased by \$559,312.
- 2015 revenue from the water, wastewater and trash services increased by \$55,838 or 2.65% compared to fiscal year 2014.
- 2015 business-type activities salary expense increased by 1.15% or \$6,381 compared to fiscal year 2014.

- 2015 business-type activities electric and natural gas utility expense of \$136,657 was a decrease of 14.51% or \$23,199 compared to fiscal year 2014.
- Total enterprise liabilities decreased by \$358,672 during 2015 due to decreases in long term debt.

Statement of Net Position

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

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 2,047,563	\$ 2,124,425	\$ 2,361,222	\$ 2,409,699	\$ 4,408,785	\$ 4,534,124
Capital assets	28,373,642	28,386,671	19,007,072	19,566,384	47,380,714	47,953,055
Total assets	30,421,205	30,511,096	21,368,294	21,976,083	51,789,499	52,487,179
Long-term debt outstanding	1,106,238	1,102,030	6,654,277	7,033,089	7,760,515	8,135,119
Other liabilities	693,807	683,486	209,264	189,124	903,071	872,610
Total liabilities	1,800,045	1,785,516	6,863,541	7,222,213	8,663,586	9,007,729
Net position:						
Net investment in						
Capital assets	27,339,656	27,352,867	12,352,795	12,533,295	39,692,451	39,886,162
Restricted	189,734	177,608	-		189,734	177,608
Unrestricted	1,091,770	1,195,105	2,151,958	2,220,575	3,243,728	3,415,680
Total net position	\$ 28,621,160	\$ 28,725,580	\$ 14,504,753	\$ 14,753,870	\$ 43,125,913	\$ 43,479,450

The Town's total net position (assets) for fiscal year 2015 decreased by 0.80% or \$353,537. The Town's assets exceed liabilities by \$43,125,913 (net position) as of December 31, 2015. By far the largest portion of the net position (92.04%) 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 (0.44%) represents resources that are subject to various debt provisions, contracts and agreements on how they may be used. The remaining balance 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 the 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), prepaids, and legally or contractually required amounts required to be maintained intact – like the corpus of a permanent fund.
- (b) **Restricted** – Amounts constrained to being used for a specific purpose by (1) external parties (state, federal, private donor, creditors), (2) constitutional provisions, (3) enabling legislation (grant from the state), (4) what is legally reserved now.
- (c) **Committed** – constraint on use imposed by the Town itself, using its highest level of decision-making authority (resolution or ordinance), constraint can be removed or changed only by taking the same action, the action to constrain resources should occur prior to the end of the fiscal year – though the exact amount may be determined subsequently.
- (d) **Assigned** – amounts intended to be used for specific purposes where the intent is expressed by the governing body or a body or official authorized by the governing body. Includes using fund balance to balance the budget – appropriation for deficit.
- (e) **Unassigned** – available for any purpose.

STATEMENT OF ACTIVITIES

The Statement of Activities (pg. 2) takes into consideration the Town as a whole and reflects the change in net position for fiscal year 2015.

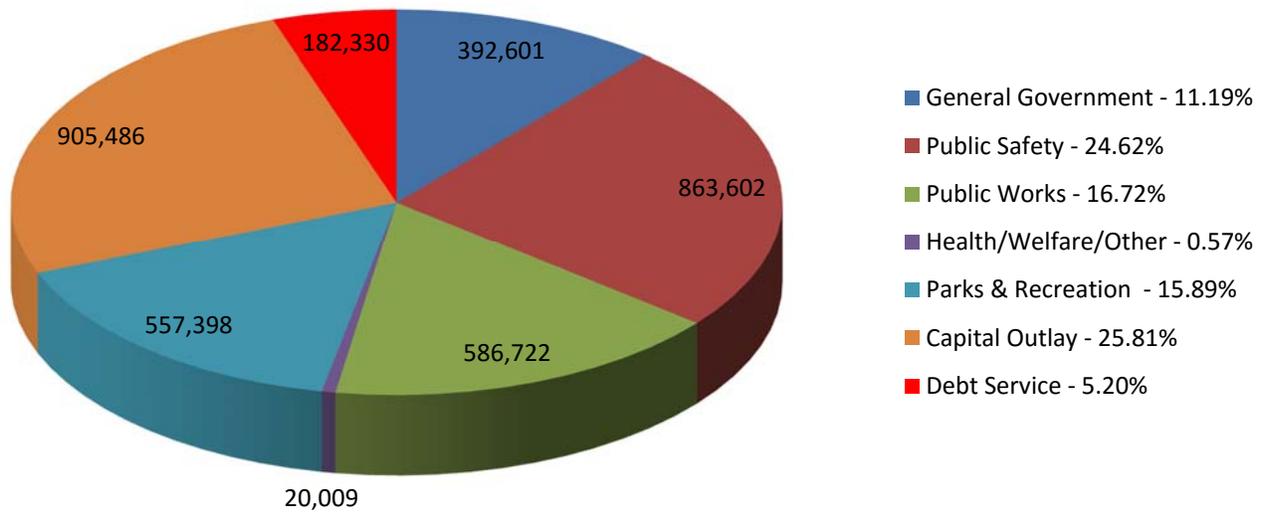
	Governmental		Business Type		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	210,227	185,623	2,159,041	2,103,203	2,369,268	2,288,826
Operating Grants	213,938	353,949			213,938	353,949
Capital Grants	<u>367,108</u>	<u>2,625,246</u>	<u>180,141</u>	<u>156,732</u>	<u>547,249</u>	<u>2,781,978</u>
Total Program Revenues	<u>791,273</u>	<u>3,164,818</u>	<u>2,339,182</u>	<u>2,259,935</u>	<u>3,130,455</u>	<u>5,424,753</u>
General Revenues						
Sales and Use Taxes	1,327,836	1,248,704			1,327,836	1,248,704
Property Taxes	361,747	352,470			361,747	352,470
Franchise Taxes	116,307	123,151			116,307	123,151
Other Taxes	518,591	657,500			518,591	657,500
Investment Income Developer	3,600	2,948	137	159	3,737	3,107
Reimbursement	46,494	38,387			46,494	38,387
Contributed assets						
Other Revenues	118,857	81,698	11,347	9,030	130,204	90,728
Transfers		(371,046)		371,046		
Total General Revenues	<u>2,493,432</u>	<u>2,133,812</u>	<u>11,484</u>	<u>380,235</u>	<u>2,504,916</u>	<u>2,514,047</u>
Total Revenue	<u>3,284,705</u>	<u>5,298,630</u>	<u>2,350,666</u>	<u>2,640,170</u>	<u>5,635,371</u>	<u>7,938,800</u>
Expenses:						
General Government	424,135	405,469			424,135	405,469
Public Safety	906,722	878,319			906,722	878,319
Public Works	1,349,938	1,902,111			1,349,938	1,902,111
Parks & Recreation	642,069	601,514			642,069	601,514
Health & Welfare	20,009	17,280			20,009	17,280
Water			992,373	1,360,366	992,373	1,360,366
Wastewater			1,146,182	1,022,104	1,146,182	1,022,104
Sanitation			223,164	243,287	223,164	243,287
Interest	46,252	50,270	238,064	247,660	284,316	297,930
Total Expenses	<u>3,389,125</u>	<u>3,854,963</u>	<u>2,599,783</u>	<u>2,873,417</u>	<u>5,988,908</u>	<u>6,728,380</u>
Change in Net Position	<u>\$(104,420)</u>	<u>\$1,443,667</u>	<u>\$(249,117)</u>	<u>\$(233,247)</u>	<u>\$(353,537)</u>	<u>\$1,210,420</u>

Governmental Activities

Taxes comprise the largest source of operating revenue for the Town’s governmental activities, 2015 tax source revenue was \$2,324,481, which is 70.77% of total revenues from governmental activities. Property taxes of \$361,747 represent 15.56% of total tax revenue. Charges for services equaled \$210,227 representing 6.40% of total revenues.

The cost of governmental activities (excluding capital outlay) in 2015 was \$2,602,662 compared to \$2,559,548 in 2014, a 1.68% increase.

Expenses by Type – Governmental Activities



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

Year to year changes by type of activity:

ACTIVITY	EXPENDITURES		% CHANGE
	2015	2014	
General Government	\$ 392,601	\$ 377,957	3.87
Public Safety	\$ 863,602	\$ 843,459	2.39
Public Works	\$ 586,722	\$ 580,755	1.03
Health/Welfare/Other	\$ 20,009	\$ 17,280	15.79
Parks & Recreation	\$ 557,398	\$ 541,825	2.87
Capital Outlay	\$ 905,486	\$ 3,377,914	-73.19
Debt Service	\$ 182,330	\$ 198,272	-8.04

Business-type Activities (pg. 7)

Total 2015 operating revenue from the Town's business-type activities increased by \$58,155 compared to 2014; operating expenses for 2015 decreased by \$140,222 compared to 2014.

Total business type net position (assets) during 2015 decreased by \$249,117, mainly due to depreciation expense.

Fund Balance

At the end of 2015, the Town's governmental funds reported a combined fund balance of \$1,353,756 (pg. 4). This is a decrease of \$87,183 compared to the prior years ending balance. Of this total balance \$702,821 is unassigned and available to finance the Town's future operations and programs; \$53,468 is prepaid non-spendable funds; \$161,000 is restricted for emergencies, \$103,740 is restricted for Conservation Trust Fund approved expenses, \$28,734 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), \$11,862 is committed for Police training (Ord. #383 & 2007-4), \$5,494 is committed for Burning Mtn. Ave street maintenance (9/1995 SIA Agreement), \$230,387 is committed for traffic impacts (Ord. # 2002-17); \$47,000 is assigned for a solar system purchase, and \$1,000 is assigned for future main street enhancement projects.

At year end the business-type activities reported total net position (assets) of \$14,504,753, a decrease of \$249,117. Of this total net position \$2,151,958 is unrestricted (pg. 6).

Budgetary Highlights – General Fund – (pg. 26)

Town Council approved two supplements to the 2015 General Fund budget. The original appropriation of \$3,126,609 was increased by \$358,705 or 11.47% to \$3,485,314. The supplemental budget amount was to cover the additional expense related to the main street street-scape project and vehicle lease purchase agreements. The Town received \$446,958 in Mineral Lease and Severance Tax direct distributions from the state, this is \$221,171 more than was budgeted. The original 2015 budget included \$451,743 from reserves, but as of 12/31/15 the General Fund balance decreased by \$110,685 for the year.

General Fund revenue for 2015 was \$563,503 over the original budget amount. This is mainly due to grants received and additional Mineral Lease and Severance tax receipts. General Fund Expenditures for 2015 were \$358,705 more than the original budget projections mainly due to additional capital expenditures.

Capital Assets and Debt Administration

At year end the Town had \$47,380,714 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 decrease of \$572,341 or 1.19% from the 2014 year end amount is mainly due to depreciation.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$15,297,000	\$15,297,000	\$469,741	\$469,741	\$15,766,741	\$15,766,741
Water Rights			516,282	516,282	516,282	516,282
Buildings and Improvements	3,542,493	3,255,491	14,828,536	14,828,536	18,371,029	18,084,027
Distributions/Collection Systems			11,149,728	11,149,728	11,149,728	11,149,728
Infrastructure	16,063,178	16,031,004			16,063,178	16,031,004
Property and Equipment	1,171,955	1,066,504	330,583	276,583	1,502,538	1,343,087
Construction in Process	<u>649,646</u>	<u>255,618</u>	<u>375,899</u>	<u>249,268</u>	<u>1,025,545</u>	<u>504,886</u>
Less Accumulated Depreciation	<u>(8,350,630)</u>	<u>(7,518,946)</u>	<u>(8,663,697)</u>	<u>(7,923,754)</u>	<u>(17,014,327)</u>	<u>(15,442,700)</u>
Total Capital Assets	<u>\$28,373,642</u>	<u>\$28,386,671</u>	<u>\$19,007,072</u>	<u>\$19,566,384</u>	<u>\$47,380,714</u>	<u>\$47,953,055</u>

During 2015 the Town acquired 2 new public safety SUV’s, 2 new Public Works pickups and a new Cat mini-excavator. A new Public Safety facility was constructed in the basement of the Municipal Operations Center. Construction was started on a new phase of the main street street-scape project and a water treatment plant expansion. Significant capital assets added during 2015 are shown below.

Significant 2015 Capital Asset Additions

2- Public Safety SUV’s	\$ 85,872
2- Public Works Pick-ups	\$ 75,258
Cat Mini-Excavator	\$ 69,665
Main Street St-Scape (Constr. In Process)	\$ 398,843
Public Safety Facility	\$ 273,260
Water Treatment Plant Expansion (Constr. In Process)	<u>\$ 126,631</u>
Total	<u>\$ 1,029,529</u>

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
1999 Wastewater Loan			116,026	145,990	116,026	145,990
2004 Water Loan			564,603	581,825	564,603	581,825
2008 Wastewater Loan			5,973,648	6,305,274	5,973,648	6,305,274
Notes Payable	585,704	620,804			585,704	620,804
Capital Leases	102,282	-			102,282	-
GO Bonds, Series 2010	346,000	413,000			346,000	413,000
Accrued absences	<u>72,252</u>	<u>68,226</u>	<u>-</u>	<u>-</u>	<u>72,252</u>	<u>68,226</u>
Total Long-term Obligations	<u>\$ 1,106,238</u>	<u>\$ 1,102,030</u>	<u>\$ 6,654,277</u>	<u>\$ 7,033,089</u>	<u>\$ 7,760,515</u>	<u>\$ 8,135,119</u>

Economic and Other Factors

The Town of New Castle's financial trend continues to improve. Fourteen building permits for single family residences were issued in 2015 and through June 30, 2016 nineteen permits have been issued. Homes for sale have been moving at a good pace with selling prices on the increase; in addition the residential rental market continues to be very tight. The increase in housing prices will have a positive impact on property taxes collected in future years as most valuations have increased between 30 to 50%. The Community Resources and Housing Development Corp continues to apply for low income housing tax credits that will enable them to construct a senior housing project of about 40 to 50 units. Town Council has been actively pursuing several economic development options including a health and wellness campus. After studying the feasibility of such a development they have decided to terminate the contract to buy a 22 acre parcel adjacent to the Town. Even though 2015 year end General Fund unassigned reserves decreased by \$ 80,215, there are positive trends in the local economy and therefore in the Town's financial outlook. The capital projects completed are enhancing the health and wellness of citizens and visitors alike.

The town is actively pursuing increasing the number of trails in the area, and is working with the BLM, Roaring Fork Mountain Bike Association and the newly formed New Castle Trails group to expand the number of, and access to trails in the area. The Garfield County Commissioners are asking the town to partner with the Town of Silt and the local school district to promote building a trail between New Castle and Silt.

During the first five months of 2016, town sales tax revenues increased 4.00% compared to the same period in 2015, and increased 24.97% from the same period of 2010.

Town staffing remains steady at 31.0 FTEs; the Town also hires some additional seasonal and part-time positions. Building inspections continue to be contracted to an outside firm.

Construction of the New Castle Police Department's new facility in the lower level of the Municipal Operations Center was completed in October of 2015. This has provided the department with much needed additional space and a more efficient work environment. Two major street improvement projects, the main street street-scape and a town wide crack seal and overlay projects are nearly complete as of June 30, 2016. The street-scape project is an enhancement to the downtown area which should help stimulate more activity for the adjacent businesses. The Town received grants from the Garfield County Federal Mineral Lease District (FMLD) for both of these projects.

The Town applied for and was awarded a \$814,554 grant from the Colorado Department of Local Affairs to increase the capacity of the water treatment plant. This project, which will be completed in 2017, will provide more treatment capacity during high turbidity times and is also needed for the anticipated increase in population.

Financial Contact

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

BASIC FINANCIAL STATEMENTS

TOWN OF NEW CASTLE, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
			2015	2014
ASSETS				
Cash and Investments	\$ 1,298,972	\$ 2,122,752	\$ 3,421,724	\$ 3,370,098
Receivables				
Property Taxes	423,774	-	423,774	366,665
Sales and Other	32,968	-	32,968	23,493
Accounts	-	238,470	238,470	229,812
Due from Other Governments	238,381	-	238,381	514,242
Prepaid Expenses	23,468	-	23,468	29,814
Deposit	30,000	-	30,000	-
Capital Assets, not Depreciated	15,946,646	1,361,922	17,308,568	16,787,909
Capital Assets, Depreciated, Net of Accumulated Depreciation	12,426,996	17,645,150	30,072,146	31,165,146
TOTAL ASSETS	30,421,205	21,368,294	51,789,499	52,487,179
LIABILITIES				
Accounts Payable	46,387	64,240	110,627	148,471
Accrued Expenses	34,166	61,189	95,355	95,163
Accrued Interest	-	83,835	83,835	83,835
Developer Escrow	189,480	-	189,480	190,030
Noncurrent Liabilities				
Due within One Year	153,351	386,387	539,738	497,970
Due in More Than One Year	952,887	6,267,890	7,220,777	7,637,149
TOTAL LIABILITIES	1,376,271	6,863,541	8,239,812	8,652,618
DEFERRED INFLOWS				
Deferred Property Tax Revenue	423,774	-	423,774	355,111
NET POSITION				
Investment in Capital Assets	27,339,656	12,352,795	39,692,451	39,886,162
Restricted for Emergencies	161,000	-	161,000	151,000
Restricted for Cemetery Care	28,734	-	28,734	26,608
Unrestricted	1,091,770	2,151,958	3,243,728	3,415,680
TOTAL NET POSITION	\$ 28,621,160	\$ 14,504,753	\$ 43,125,913	\$ 43,479,450

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

TOWN OF NEW CASTLE , COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 424,135	\$ 96,891	\$ -	\$ -
Public Safety	906,722	32,497	180,917	-
Public Works	1,349,938	-	33,021	197,849
Health and Welfare	20,009	-	-	-
Parks and Recreation	642,069	80,839	-	169,259
Interest on Long-Term Debt	46,252	-	-	-
Total Governmental Activities	<u>3,389,125</u>	<u>210,227</u>	<u>213,938</u>	<u>367,108</u>
Business-Type Activities				
Water	992,373	807,408	-	100,875
Wastewater	1,146,182	1,103,761	-	79,266
Trash	223,164	247,872	-	-
Interest on Long-Term Debt	238,064	-	-	-
Total Business-Type Activities	<u>2,599,783</u>	<u>2,159,041</u>	<u>-</u>	<u>180,141</u>
Total Primary Government	<u>\$ 5,988,908</u>	<u>\$ 2,369,268</u>	<u>\$ 213,938</u>	<u>\$ 547,249</u>

GENERAL REVENUES

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

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2015	2014
\$ (327,244)	\$ -	\$ (327,244)	\$ (345,276)
(693,308)	-	(693,308)	(835,665)
(1,119,068)	-	(1,119,068)	(1,496,154)
(20,009)	-	(20,009)	(17,280)
(391,971)	-	(391,971)	2,054,500
(46,252)	-	(46,252)	(50,270)
<u>(2,597,852)</u>	<u>-</u>	<u>(2,597,852)</u>	<u>(690,145)</u>
-	(84,090)	(84,090)	(668,721)
-	36,845	36,845	298,969
-	24,708	24,708	3,930
<u>-</u>	<u>(238,064)</u>	<u>(238,064)</u>	<u>(247,660)</u>
<u>-</u>	<u>(260,601)</u>	<u>(260,601)</u>	<u>(613,482)</u>
(2,597,852)	(260,601)	(2,858,453)	(1,303,627)
1,327,836	-	1,327,836	1,248,704
361,747	-	361,747	352,470
14,507	-	14,507	15,737
116,307	-	116,307	123,151
504,084	-	504,084	641,763
3,600	137	3,737	3,107
46,494	-	46,494	38,387
118,857	11,347	130,204	90,728
<u>2,493,432</u>	<u>11,484</u>	<u>2,504,916</u>	<u>2,514,047</u>
(104,420)	(249,117)	(353,537)	1,210,420
<u>28,725,580</u>	<u>14,753,870</u>	<u>43,479,450</u>	<u>42,269,030</u>
<u>\$ 28,621,160</u>	<u>\$ 14,504,753</u>	<u>\$ 43,125,913</u>	<u>\$ 43,479,450</u>

TOWN OF NEW CASTLE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
			2015	2014
ASSETS				
Cash and Investments	\$ 1,166,498	\$ 132,474	\$ 1,298,972	\$ 1,190,211
Taxes Receivable	423,774	-	423,774	366,665
Due from Other Governments	238,381	-	238,381	514,242
Accounts Receivable	32,968	-	32,968	23,493
Deposits	30,000	-	30,000	-
Prepaid Expenses	23,468	-	23,468	29,814
TOTAL ASSETS	\$ 1,915,089	\$ 132,474	\$ 2,047,563	\$ 2,124,425
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 46,387	\$ -	\$ 46,387	\$ 104,371
Accrued Expenses	34,166	-	34,166	33,974
Deposits and Escrow	189,480	-	189,480	190,030
TOTAL LIABILITIES	270,033	-	270,033	328,375
DEFERRED INFLOWS				
Deferred Property Taxes	423,774	-	423,774	355,111
Fund Balance				
Nonspendable	53,468	-	53,468	29,814
Restricted	161,000	132,474	293,474	259,972
Committed	255,993	-	255,993	265,118
Assigned	48,000	-	48,000	103,000
Unassigned	702,821	-	702,821	783,035
TOTAL FUND EQUITY	1,221,282	132,474	1,353,756	1,440,939
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	\$ 1,915,089	\$ 132,474		

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	28,373,642	28,386,671
Long-term liabilities are not due and payable in the current period and are not reported in the funds. This includes Bonds Payable (\$346,000), Capital Leases (\$102,282), notes payable (\$585,704) and Accrued Compensated Absences (\$72,252).	(1,106,238)	(1,102,030)
Net position of governmental activities	\$ 28,621,160	\$ 28,725,580

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, 2015

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
			2015	2014
REVENUES				
Taxes	\$ 1,877,525	\$ -	\$ 1,877,525	\$ 1,780,051
Licenses and Permits	94,491	-	94,491	50,703
Intergovernmental	984,098	43,904	1,028,002	3,580,969
Charges for Services	80,839	2,400	83,239	92,266
Court	32,497	-	32,497	42,654
Developer Reimbursements	46,494	-	46,494	38,387
Interest	3,568	32	3,600	2,948
Miscellaneous	118,857	-	118,857	85,062
TOTAL REVENUES	3,238,369	46,336	3,284,705	5,673,040
EXPENDITURES				
General Government	392,601	-	392,601	377,957
Public Safety	863,602	-	863,602	843,459
Public Works	586,722	-	586,722	580,755
Health and Welfare	19,712	297	20,009	17,280
Parks and Recreation	534,861	22,537	557,398	541,825
Debt Service				
Principal	136,078	-	136,078	148,002
Interest	46,252	-	46,252	50,270
Capital Outlay	905,486	-	905,486	3,377,914
TOTAL EXPENDITURES	3,485,314	22,834	3,508,148	5,937,462
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(246,945)	23,502	(223,443)	(264,422)
OTHER FINANCING USES				
Proceeds from Capital Lease	136,260	-	136,260	-
Transfer Out	-	-	-	(371,046)
TOTAL OTHER FINANCING USES	136,260	-	136,260	(371,046)
NET CHANGE IN FUND BALANCES	(110,685)	23,502	(87,183)	(635,468)
FUND BALANCES, Beginning	1,331,967	108,972	1,440,939	2,076,407
FUND BALANCES, Ending	\$ 1,221,282	\$ 132,474	\$ 1,353,756	\$ 1,440,939

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, 2015

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (87,183)
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 (\$915,771) exceeded capital outlay \$902,742 in the current period.	(13,029)
Capital lease proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities.	(136,260)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include a payments of Capital Leases of \$33,978, payments on bonds payable \$67,000, payments on notes payable \$35,100 and change in Accrued Compensated Absences of (\$4,026).	<u>132,052</u>
Change in Net Position of Governmental Activities	<u>\$ (104,420)</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, 2015

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and Investments	\$ 2,122,752	\$ 2,179,887
Accounts Receivable	238,470	229,812
Total Current Assets	<u>2,361,222</u>	<u>2,409,699</u>
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	<u>19,007,072</u>	<u>19,566,384</u>
Total Noncurrent Assets	<u>19,007,072</u>	<u>19,566,384</u>
TOTAL ASSETS	<u>21,368,294</u>	<u>21,976,083</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	64,240	44,100
Accrued Expenses	59,829	59,829
Accrued Interest Payable	83,835	83,835
Notes Payable, Current	386,387	378,813
Total Current Liabilities	<u>594,291</u>	<u>566,577</u>
Noncurrent Liabilities		
Deposits	1,360	1,360
Notes Payable, Long Term	6,267,890	6,654,276
Total Noncurrent Liabilities	<u>6,269,250</u>	<u>6,655,636</u>
TOTAL LIABILITIES	<u>6,863,541</u>	<u>7,222,213</u>
NET POSITION		
Net Investment in Capital Assets	12,352,795	12,533,295
Unrestricted	2,151,958	2,220,575
TOTAL NET POSITION	<u>\$ 14,504,753</u>	<u>\$ 14,753,870</u>

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

TOWN OF NEW CASTLE, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Water Sales	\$ 807,408	\$ 780,275
Wastewater Sales	1,103,761	1,075,711
Trash Sales	247,872	247,217
Other Revenues	<u>11,347</u>	<u>9,030</u>
TOTAL OPERATING REVENUES	<u>2,170,388</u>	<u>2,112,233</u>
OPERATING EXPENSES		
Water	992,373	1,402,646
Wastewater	1,146,182	856,008
Trash	<u>223,164</u>	<u>243,287</u>
TOTAL OPERATING EXPENSES	<u>2,361,719</u>	<u>2,501,941</u>
OPERATING LOSS	<u>(191,331)</u>	<u>(389,708)</u>
NON-OPERATING REVENUES (EXPENSES)		
Loss on Disposal of Assets	-	(123,816)
Interest Income	137	159
Interest Expense	<u>(238,064)</u>	<u>(247,660)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(237,927)</u>	<u>(371,317)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(429,258)</u>	<u>(761,025)</u>
CONTRIBUTIONS AND TRANSFERS		
Capital Contributions	180,141	156,732
Transfers In	<u>-</u>	<u>371,046</u>
TOTAL CONTRIBUTIONS AND TRANSFERS	<u>180,141</u>	<u>527,778</u>
NET INCOME (LOSS)	(249,117)	(233,247)
NET POSITION, Beginning	<u>14,753,870</u>	<u>14,987,117</u>
NET POSITION, Ending	<u>\$ 14,504,753</u>	<u>\$ 14,753,870</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, 2015

Increase (Decrease) in Cash and Cash Equivalents

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 2,161,730	\$ 2,124,520
Cash Paid to Suppliers	(1,033,374)	(1,203,399)
Cash Paid to Employees	(568,262)	(535,919)
Net Cash Provided by Operating Activities	<u>560,094</u>	<u>385,202</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Fixed Assets	(180,631)	(11,175)
Note Payments	(378,812)	(365,893)
Interest Payments	(238,064)	(247,660)
Tap Fees and Capital Contributions	180,141	156,732
Net Cash Used by Capital and Related Financing Activities	<u>(617,366)</u>	<u>(467,996)</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
Transfers In	<u>-</u>	<u>371,046</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>137</u>	<u>159</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(57,135)	288,411
CASH AND CASH EQUIVALENTS, Beginning	<u>2,179,887</u>	<u>1,891,476</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 2,122,752</u>	<u>\$ 2,179,887</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	<u>\$ (191,331)</u>	<u>\$ (389,708)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	739,943	744,192
Changes in Assets and Liabilities		
Accounts Receivable	(8,658)	12,287
Accounts Payable	20,140	17,071
Deposits	-	1,360
Total Adjustments	<u>751,425</u>	<u>774,910</u>
Net Cash Provided by Operating Activities	<u>\$ 560,094</u>	<u>\$ 385,202</u>

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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, 2015

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, 2015

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 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 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, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

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

Compensated Absences

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

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

Long-Term Obligations

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

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

Net Position

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

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fund Balance Classification

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at December 31, 2015, by the Town are nonspendable in form as Prepaid Expenses and Deposits.
- 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, 2015:

Emergency Reserves	\$ 161,000
Parks and Recreation	103,740
Cemetery Care	<u>28,734</u>
Total	<u>\$ 293,474</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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, 2015:

Support of Volunteer Ambulance Service	\$ 8,250
Police Training	11,862
Burning Mountain Avenue Street Maintenance	5,494
Traffic Impacts	<u>230,837</u>
Total	<u>\$ 255,993</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, 2015:

Solar System Purchase	\$ 47,000
Main Street Enhancement Project	<u>1,000</u>
Total	<u>\$ 48,000</u>

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

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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, 2015

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, 2015 follows:

Petty Cash	\$ 240
Cash Deposits	1,930,152
Investments	<u>1,491,332</u>
Total	<u>\$ 3,421,724</u>

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

Governmental Activities	\$ 1,298,972
Business-Type Activities	<u>2,122,752</u>
Total	<u>\$ 3,421,724</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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, 2015, 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. 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, 2015, the Town had deposits with financial institutions with a carrying amount of \$1,930,152. The bank balances with the financial institutions were \$2,161,844. Of these balances, \$500,000 was covered by federal depository insurance and \$1,661,844 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Investments

Interest Rate Risk

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

Credit Risk

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

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

The Town had invested \$1,491,332 in the Colorado Government Liquid Asset Trust (COLOTRUST) and the Colorado Surplus Asset Fund Trust (CSAFE), investment vehicles established for local government entities in Colorado to pool surplus funds and are registered with the State Securities Commissioner. They operate 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 rated AAA and CSAFE is rated AAAM by Standard and Poor's.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2015 is summarized below:

	Balances <u>12/31/14</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/15</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 15,297,000	\$ -	\$ -	\$ 15,297,000
Construction in Progress	<u>255,618</u>	<u>394,028</u>	<u>-</u>	<u>649,646</u>
Total Capital Assets, not depreciated	<u>15,552,618</u>	<u>394,028</u>	<u>-</u>	<u>15,946,646</u>
Capital Assets, depreciated				
Buildings	3,255,491	287,002	-	3,542,493
Machinery and Equipment	1,066,504	189,538	84,087	1,171,955
Infrastructure	<u>16,031,004</u>	<u>32,174</u>	<u>-</u>	<u>16,063,178</u>
Total Capital Assets, depreciated	<u>20,352,999</u>	<u>508,714</u>	<u>84,087</u>	<u>20,777,626</u>
Less Accumulated Depreciation				
Buildings	1,459,385	99,523	-	1,558,908
Machinery and Equipment	984,808	71,139	84,087	971,860
Infrastructure	<u>5,074,753</u>	<u>745,109</u>	<u>-</u>	<u>5,819,862</u>
Total Accumulated Depreciation	<u>7,518,946</u>	<u>915,771</u>	<u>84,087</u>	<u>8,350,630</u>
Total Capital Assets, depreciated, Net	<u>12,834,053</u>	<u>(407,057)</u>	<u>-</u>	<u>12,426,996</u>
Governmental Activities, Capital Assets, Net	<u>\$ 28,386,671</u>	<u>\$ (13,029)</u>	<u>\$ -</u>	<u>\$ 28,373,642</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 4: CAPITAL ASSETS (Continued)

	Balances <u>12/31/14</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/15</u>
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 469,741	\$ -	\$ -	\$ 469,741
Water Rights	516,282	-	-	516,282
Construction in Process	<u>249,268</u>	<u>126,631</u>	-	<u>375,899</u>
Total Capital Assets, not depreciated	<u>1,235,291</u>	<u>126,631</u>	-	<u>1,361,922</u>
Capital Assets, depreciated				
Buildings and Improvements	14,828,536	-	-	14,828,536
Distribution and Collection	11,149,728	-	-	11,149,728
Machinery and Equipment	<u>276,583</u>	<u>54,000</u>	-	<u>330,583</u>
Total Capital Assets, depreciated	<u>26,254,847</u>	<u>54,000</u>	-	<u>26,308,847</u>
Less: Accumulated Depreciation				
Buildings and Improvements	4,142,456	18,286	-	4,160,742
Distribution and Collection	3,646,580	694,018	-	4,340,598
Machinery and Equipment	<u>134,718</u>	<u>27,639</u>	-	<u>162,357</u>
Total Accumulated Depreciation	<u>7,923,754</u>	<u>739,943</u>	-	<u>8,663,697</u>
Total Capital Assets, depreciated, Net	<u>18,331,093</u>	<u>(685,943)</u>	-	<u>17,645,150</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 19,566,384</u>	<u>\$ (559,312)</u>	<u>\$ -</u>	<u>\$ 19,007,072</u>

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

Governmental Activities

General Government	\$ 27,508
Public Safety	43,120
Public Works	760,472
Parks and Recreation	<u>84,671</u>

Total \$ 915,771

Business-type Activities

Water	\$ 262,795
Sewer	<u>477,148</u>

Total \$ 739,943

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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, 2015.

	Balance <u>12/31/14</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/15</u>	Due In <u>One Year</u>
GO Bonds, Series 2010	\$ 413,000	\$ -	\$ 67,000	\$ 346,000	\$ 71,000
Capital Leases	-	136,260	33,978	102,282	27,621
Notes Payable	620,804	-	35,100	585,704	36,667
Accrued Compensated Absences	<u>68,226</u>	<u>4,026</u>	<u>-</u>	<u>72,252</u>	<u>18,063</u>
Total	<u>\$ 1,102,030</u>	<u>\$ 140,286</u>	<u>\$ 136,078</u>	<u>\$ 1,106,238</u>	<u>\$ 153,351</u>

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

General Obligation Bonds, Series 2010

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

Capital Leases

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

Note Payable

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 5: LONG-TERM DEBT(Continued)

Future Debt Service Requirements

Annual debt service requirements for the Notes and Bonds Payable at December 31, 2015 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 107,667	\$ 41,621	\$ 149,288
2017	112,304	36,578	148,882
2018	117,015	31,170	148,185
2019	122,800	25,332	148,132
2020	86,666	19,050	105,716
2021-2025	249,365	58,411	307,776
2026-2028	<u>135,887</u>	<u>7,262</u>	<u>143,149</u>
Total Debt Service Requirements	<u>\$ 931,704</u>	<u>\$ 219,424</u>	<u>\$ 1,151,128</u>

Following is a schedule of the future minimum lease payments required under the capital lease obligations at December 31, 2015:

<u>Year Ended December 31,</u>	
2016	\$ 33,978
2017	33,978
2018	33,978
2019	<u>15,052</u>
Total Minimum Lease Payments	116,986
Less: Interest	<u>(14,704)</u>
Present Value of Minimum Lease Payments	<u>\$ 102,282</u>

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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, 2015.

	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/15</u>	<u>Due In</u> <u>One Year</u>
1999 CWRPDA Loan	\$ 145,990	\$ -	\$ 29,964	\$ 116,026	\$ 31,327
2004 CWCB Loan	581,825	-	17,222	564,603	17,997
2008 CWRPDA Loan	<u>6,305,274</u>	<u>-</u>	<u>331,626</u>	<u>5,973,648</u>	<u>337,063</u>
Total	<u>\$ 7,033,089</u>	<u>\$ -</u>	<u>\$ 378,812</u>	<u>\$ 6,654,277</u>	<u>\$ 386,387</u>

Loans Payable

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

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

2004 Colorado Water Conservation Board (CWCB) Loan

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

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

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 5: LONG-TERM DEBT(Continued)

Future Debt Service Requirements

Annual debt service requirements for the outstanding loans at December 31, 2015 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 386,387	\$ 228,319	\$ 614,706
2017	394,061	218,541	612,602
2018	407,269	208,747	616,016
2019	397,049	198,765	595,814
2020	391,144	186,691	577,835
2021-2025	2,079,835	803,188	2,883,023
2026-2030	2,407,982	462,377	2,870,359
2031-2035	<u>190,550</u>	<u>26,477</u>	<u>217,027</u>
Total Debt Service Requirements	<u>\$ 6,654,277</u>	<u>\$ 2,333,105</u>	<u>\$ 8,987,382</u>

NOTE 6: RETIREMENT COMMITMENTS

Employee Pension Plan

The Town contributes to a multiple employer defined contribution retirement plan administered by the Colorado Officials and Employees Retirement Association. Every employee who is employed by the Town is eligible to participate in the Plan immediately upon hire. Both the Town and the employee contribute from three to six percent of the employee's base salary. Plan provisions are established and may be amended by Town Council. During the year ended December 31, 2015, employer and employees contributed \$64,949 equal to their required contributions.

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

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 7: PUBLIC ENTITY RISK POOL

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

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

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

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

NOTE 8: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

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

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2015, the emergency reserve of \$161,000 was recorded in the General Fund.

TOWN OF NEW CASTLE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 9: RELATED PARTIES

A principal in the engineering firm contracted by the Town, is the son-in-law of one of the Town council members. The Town paid approximately \$184,000 to the engineering firm for services rendered during the year.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NEW CASTLE, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2015

	2015			VARIANCE	2014
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
REVENUES					
Taxes	\$ 1,802,561	\$ 1,802,561	\$ 1,877,525	\$ 74,964	\$ 1,780,051
Licenses and Permits	78,400	78,400	94,491	16,091	50,703
Intergovernmental	626,555	626,555	984,098	357,543	3,536,822
Charges for Services	77,230	77,230	80,839	3,609	87,266
Court	38,275	38,275	32,497	(5,778)	42,654
Developer Reimbursements	6,000	6,000	46,494	40,494	38,387
Interest	2,636	2,636	3,568	932	2,923
Miscellaneous	43,209	43,209	118,857	75,648	85,062
TOTAL REVENUES	<u>2,674,866</u>	<u>2,674,866</u>	<u>3,238,369</u>	<u>563,503</u>	<u>5,623,868</u>
EXPENDITURES					
Current					
General Government	404,355	404,355	392,601	11,754	377,957
Public Safety	866,910	866,910	863,602	3,308	843,459
Public Works	596,370	596,370	586,722	9,648	580,755
Health and Welfare	20,500	20,500	19,712	788	17,045
Parks and Recreation	534,500	534,500	534,861	(361)	491,825
Capital Outlay	522,625	881,330	905,486	(24,156)	3,377,914
Debt Service					
Principal	134,661	134,661	136,078	(1,417)	148,002
Interest	46,688	46,688	46,252	436	50,270
TOTAL EXPENDITURES	<u>3,126,609</u>	<u>3,485,314</u>	<u>3,485,314</u>	<u>-</u>	<u>5,887,227</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(451,743)</u>	<u>(810,448)</u>	<u>(246,945)</u>	<u>563,503</u>	<u>(263,359)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Capital Lease	-	-	136,260	136,260	-
Transfer Out	-	-	-	-	(371,046)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>136,260</u>	<u>136,260</u>	<u>(371,046)</u>
NET CHANGE IN FUND BALANCE	<u>(451,743)</u>	<u>(810,448)</u>	<u>(110,685)</u>	<u>699,763</u>	<u>(634,405)</u>
FUND BALANCE, Beginning	<u>1,320,715</u>	<u>1,320,715</u>	<u>1,331,967</u>	<u>11,252</u>	<u>1,966,372</u>
FUND BALANCE, Ending	<u>\$ 868,972</u>	<u>\$ 510,267</u>	<u>\$ 1,221,282</u>	<u>\$ 711,015</u>	<u>\$ 1,331,967</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, 2015

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTALS	
	CONSERVATION TRUST FUND	CEMETERY TRUST FUND	2015	2014
ASSETS				
Cash	\$ 103,740	\$ 28,734	\$ 132,474	\$ 108,972
FUND EQUITY				
Fund Balance				
Restricted for Cemetery Care	\$ -	\$ 28,734	\$ 28,734	\$ 26,608
Restricted for Park and Recreation	103,740	-	103,740	82,364
TOTAL FUND EQUITY	103,740	28,734	132,474	108,972
TOTAL LIABILITIES AND FUND BALANCES	\$ 103,740	\$ 28,734	\$ 132,474	\$ 108,972

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, 2015

	SPECIAL REVENUE FUND	PERMANENT FUND	TOTALS	
	CONSERVATION TRUST FUND	CEMETERY TRUST FUND	2015	2014
REVENUES				
Intergovernmental	\$ 43,904	\$ -	\$ 43,904	\$ 44,147
Charges for Services	-	2,400	2,400	5,000
Interest	9	23	32	25
TOTAL REVENUES	43,913	2,423	46,336	49,172
EXPENDITURES				
Health and Welfare	-	297	297	235
Parks and Recreation	22,537	-	22,537	50,000
TOTAL EXPENDITURES	22,537	297	22,834	50,235
NET CHANGE IN FUND BALANCES	21,376	2,126	23,502	(1,063)
FUND BALANCES, Beginning	82,364	26,608	108,972	110,035
FUND BALANCES, Ending	<u>\$ 103,740</u>	<u>\$ 28,734</u>	<u>\$ 132,474</u>	<u>\$ 108,972</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)	2014 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 40,000	\$ 43,904	\$ 3,904	\$ 44,147
Interest	5	9	4	10
TOTAL REVENUES	<u>40,005</u>	<u>43,913</u>	<u>3,908</u>	<u>44,157</u>
EXPENDITURES				
Parks and Recreation	<u>111,000</u>	<u>22,537</u>	<u>88,463</u>	<u>50,000</u>
NET CHANGE IN FUND BALANCE	(70,995)	21,376	92,371	(5,843)
FUND BALANCE, Beginning	<u>80,915</u>	<u>82,364</u>	<u>1,449</u>	<u>88,207</u>
FUND BALANCE, Ending	<u>\$ 9,920</u>	<u>\$ 103,740</u>	<u>\$ 93,820</u>	<u>\$ 82,364</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

CEMETERY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)	2014 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Sale of Plots	\$ 1,200	\$ 2,400	\$ 1,200	\$ 5,000
Interest	15	23	8	15
TOTAL REVENUES	<u>1,215</u>	<u>2,423</u>	<u>1,208</u>	<u>5,015</u>
EXPENDITURES				
Health and Welfare	<u>2,800</u>	<u>297</u>	<u>2,503</u>	<u>235</u>
NET CHANGE IN FUND BALANCE	(1,585)	2,126	3,711	4,780
FUND BALANCE, Beginning	<u>23,645</u>	<u>26,608</u>	<u>2,963</u>	<u>21,828</u>
FUND BALANCE, Ending	<u>\$ 22,060</u>	<u>\$ 28,734</u>	<u>\$ 6,674</u>	<u>\$ 26,608</u>

See the accompanying independent auditors' report.

TOWN OF NEW CASTLE, COLORADO

UTILITY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015			VARIANCE Positive (Negative)	2014 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Water Sales	\$ 791,300	\$ 791,300	\$ 807,408	\$ 16,108	\$ 780,275
Wastewater Sales	1,082,151	1,082,151	1,103,761	21,610	1,075,711
Trash Sales	247,500	247,500	247,872	372	247,217
Tap Fees and Contributions	180,000	180,000	180,141	141	156,732
Interest	155	155	137	(18)	159
Transfers in	-	-	-	-	371,046
Other Revenues	-	-	11,347	11,347	9,030
TOTAL REVENUES	2,301,106	2,301,106	2,350,666	49,560	2,640,170
EXPENDITURES					
Water	862,295	862,295	729,578	132,717	776,928
Wastewater	784,510	784,510	669,034	115,476	737,534
Trash	251,650	251,650	223,164	28,486	243,287
Debt Service	616,877	616,877	616,876	1	613,553
Other	-	-	-	-	123,816
Capital Outlay	125,000	425,393	180,631	244,762	11,175
TOTAL EXPENDITURES	2,640,332	2,940,725	2,419,283	521,442	2,506,293
NET INCOME, Budget Basis	\$ (339,226)	\$ (639,619)	(68,617)	\$ 571,002	133,877
GAAP BASIS ADJUSTMENTS					
Capital Outlay			180,631		11,175
Loan Principal Payments			378,812		365,893
Depreciation			(739,943)		(744,192)
NET INCOME, GAAP Basis			(249,117)		(233,247)
NET POSITION, Beginning			14,753,870		14,987,117
NET POSITION, Ending			<u>\$ 14,504,753</u>		<u>\$ 14,753,870</u>

See the accompanying independent auditors' report.

COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of New Castle
		YEAR ENDING : December 2015
This Information From The Records Of (example - City of _ or County of _) Town of New Castle	Prepared By: Phone:	Lyle L Layton (970) 984-2311

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	89,136
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	194,275
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	7,160
2. General fund appropriations	273,589	b. Snow and ice removal	53,937
3. Other local imposts (from page 2)	555,208	c. Other	52,897
4. Miscellaneous local receipts (from page 2)	12,804	d. Total (a. through c.)	113,994
5. Transfers from toll facilities		4. General administration & miscellaneous	25,629
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	569,461
a. Bonds - Original Issues		6. Total (1 through 5)	992,495
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	841,601	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	150,894	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	992,495	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	992,495

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		992,495	992,495		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2015	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	22
b. Other local imposts:		b. Traffic Fines & Penalties	5,466
1. Sales Taxes	533,431	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	7,270	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	316
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	14,507	g. Other Misc. Receipts	7,000
6. Total (1. through 5.)	555,208	h. Other	
c. Total (a. + b.)	555,208	i. Total (a. through h.)	12,804
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	132,928	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	17,966	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	17,966	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	150,894	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		89,136	89,136
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		89,136	89,136
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		89,136	89,136
			(Carry forward to page 1)
Notes and Comments:			