

City of Castle Pines, Colorado

Financial Statements and Independent Auditor's Report

December 31, 2017

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Castle Pines, Colorado, as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the City of Castle Pines, Colorado's basic financial statements as listed in the table of contents.

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 of 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.



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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Castle Pines, Colorado, as of December 31, 2017 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

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

Other Information

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

The Local Highway Finance Report has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on this report.



Littleton, Colorado
June 26, 2018



City of Castle Pines, Colorado Management's Discussion and Analysis December 31, 2017

The City of Castle Pines (City), offers readers of these financial statements an overview and analysis of the City's financial activities for the year ended December 31, 2017.

FINANCIAL HIGHLIGHTS

- Total assets exceeded total liabilities by \$61,630,731 at the close of the FY2017.
- At the close of FY2017, the City's total governmental funds reported an ending fund balance of \$7,146,923.
- Total cash at year end decreased by \$2,217,496 compared to FY2016.
- Sales and Use Tax revenue increased \$84,579 compared to the prior year.
- Governmental Fund Expenditures increased \$181,684 compared with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the Governmental Funds totaled \$5,172,317.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City currently maintains five funds: the general fund, the capital improvements fund, the capital projects fund, the parks and recreation fund, and the conservation trust fund.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages as listed in the index of this report.

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

Other supplementary information. Other supplementary information includes budgetary comparison schedules for the Capital Improvements Fund, Capital Projects Fund, Parks and Recreation Fund and Conservation Trust Fund, as well as a local highway finance report required by State statute.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets related to governmental activities exceeded liabilities by \$61,630,731 at the close of the most recent fiscal year.

	Net Position	
	<u>2017</u>	<u>2016</u>
Current assets	\$ 8,208,374	\$ 7,352,705
Other assets		
Capital assets	<u>55,246,833</u>	<u>58,138,760</u>
Total assets	63,455,207	65,491,465
Deferred outflows of resources	<u>134,660</u>	<u>159,764</u>
Total deferred outflows of resources	134,660	159,764
Current liabilities	265,810	189,856
Noncurrent liabilities	<u>897,685</u>	<u>732,317</u>
Total liabilities	1,163,495	922,173
Deferred inflows of resources		
Property taxes	795,641	762,726
Deferred inflows related to pension	<u>-</u>	<u>2,596</u>
Deferred inflows of resources	795,641	765,322
Net investment in capital assets	55,246,833	58,138,760
Restricted net position	579,804	446,638
Unrestricted net position	<u>5,804,094</u>	<u>5,378,336</u>
Total net position	<u>\$ 61,630,731</u>	<u>\$ 63,963,734</u>

The largest portion of the City's net position (90%) reflects its investment in capital assets, net of related debt. The City utilizes these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending.

An additional portion of the City's net position (0.9%) represents resources that are subject to restrictions on how they can be used and are not currently available for the City's ongoing obligations (e.g., emergency TABOR reserve and funds restricted for Conservation Trust Fund eligible expenditures). The remaining balance of unrestricted net position totaling \$5,804,094 may be used to meet the City's future expenditures.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position.

Change in Net Position

	2017	2016
Revenue		
Program revenues		
Charges for service	\$ 586,112	\$ 573,260
Operating grants and contributions	1,075,040	1,016,848
General Revenues		
Sales and use (retail) taxes	2,524,323	2,439,744
Other taxes	842,511	830,953
Franchise fees	450,995	447,020
Other	31,845	9,626
Total Revenues	5,510,826	5,317,451
Expenses		
General government	923,261	810,465
Public safety	781,878	795,025
Public works	5,041,684	4,793,101
Parks and recreation	630,805	538,081
Community development	466,201	476,404
Total Expenses	7,843,829	7,413,076
Change in net position	(2,333,003)	(2,095,625)
Net position - beginning	63,963,734	66,059,359
Net position - ending	\$ 61,630,731	\$ 63,963,734

The City experienced an increase in revenue of \$193,375 compared with the prior fiscal year due to an increase in sales, use, property and specific ownership taxes.

The City's General Government expenditures increased by \$112,796 during the current fiscal year, due primarily to current year pension expense. The City saw an increase of \$248,583 in Public Works expenditures over the previous year largely as a result of an increase in major road and street repair expenditures and current year depreciation expense. Parks and Recreation expenditures increased by \$92,724 from prior year due mainly to an increase in repairs & maintenance expenditures, as well as an increase in contribution to the Reuter-Hess Recreation Master Plan project.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

General Fund

The General Fund accounts for all government revenue and expenditures not specific to a particular fund.

At the end of 2017, the City's General Fund reported an ending fund balance of \$5,251,284, an increase of \$688,519 in comparison with the prior year.

\$5,172,317 (98%) constitutes unrestricted, unassigned fund balance, which is available for spending at the City's discretion.

Non-spendable and restricted fund balance makes up the remaining fund balance. A total of \$78,967 is restricted to establish emergency reserves as required by the State Constitution (amendment to Article X, Section 20).

GENERAL FUND BUDGETARY HIGHLIGHTS

In 2017, the General Fund's budget includes transfers to the Parks and Recreation and Capital Improvements funds totaling \$2,123,984 to cover the current year expenses of those funds.

Capital Improvements Fund

The Capital Improvements fund acts as a repository to set aside funds for future capital improvements or acquisitions.

At the end of 2017, the Capital Improvements fund reported an ending fund balance of \$873,196, a decrease of \$300,000 in comparison with the prior year. \$873,196 is assigned for future capital improvements or acquisitions.

CAPITAL IMPROVEMENTS FUND BUDGETARY HIGHLIGHTS

In 2017, no transfers from the General Fund were budgeted to increase the Capital Improvements Fund and transfers to the Capital Projects Fund in the amount of \$300,000 were budgeted to cover the costs of current year capital projects.

Capital Projects Fund

The Capital Projects fund receives transfers from the Capital Improvements fund and tracks expenditures for capital projects or purchases.

At the end of 2017, the Capital Projects fund reported an ending fund balance of \$380,318.

CAPITAL PROJECTS FUND BUDGETARY HIGHLIGHTS

In 2017, transfers from the Capital Projects Improvement Fund in the amount of \$2,017,494 were budgeted to cover expenses in the Capital Projects Fund.

Parks and Recreation Fund

The Parks & Recreation fund accounts for all government revenue and expenditures associated with park maintenance and special events.

At the end of 2017, the City's Parks & Recreation fund reported an ending fund balance of \$236,288, an increase of \$39,028 in comparison with the prior year. \$236,288 of the fund balance is assigned for future expenses associated with park maintenance and special events.

PARKS AND RECREATION FUND BUDGETARY HIGHLIGHTS

In 2017, transfers from the General Fund in the amount of \$398,385 were budgeted to cover expenses of the Parks and Recreation Fund.

Conservation Trust Fund

The Conservation Trust fund accounts for all government revenue and expenditures associated with state lottery disbursements.

At the end of 2017, the City's Conservation Trust fund reported an ending fund balance of \$405,837, an increase of \$44,188 in comparison with the prior year. \$405,837 (100%) of the fund balance is restricted at year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Additional information on the City's capital assets can be found in Note 3 on pages 7-21 as listed in the index of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Castle Pines' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: City of Castle Pines, 7501 Village Square Drive, Suite 100, Castle Pines, CO 80108.

Basic Financial Statements

City of Castle Pines, Colorado
Statement of Net Position
December 31, 2017

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 3,961,754
Investments	2,967,705
Accounts receivable	477,675
Property taxes receivable	801,240
Capital assets, not being depreciated	814,943
Capital assets, net of accumulated depreciation	54,431,890
Total assets	63,455,207
Deferred Outflows of Resources	
Deferred outflows related to pension	134,660
Total deferred outflows of resources	134,660
Total assets and deferred outflows of resources	\$ 63,589,867
Liabilities	
Accounts payable	\$ 141,711
Deposits held	124,099
Net pension liability	897,685
Total liabilities	1,163,495
Deferred Inflows of Resources	
Property tax revenue	795,641
Total deferred inflows of resources	795,641
Net Position	
Net investment in capital assets	55,246,833
Restricted for:	
Emergencies	78,967
Parks and open space	500,837
Unrestricted:	5,804,094
Total net position	61,630,731
Total liabilities, deferred inflow of resources and net position	\$ 63,589,867

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

City of Castle Pines, Colorado
Statement of Activities
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government:				
Governmental activities:				
General government	\$ 923,261	\$ 40,256	\$ -	\$ (883,005)
Public safety	781,878	48,019	-	(733,859)
Public works	5,041,684	487,484	1,016,796	(3,537,404)
Parks and recreation	630,805	10,353	58,244	(562,208)
Community development	466,201	-	-	(466,201)
Total Governmental Activities	7,843,829	586,112	1,075,040	(6,182,677)
				758,921
				83,590
				1,246,425
				1,277,898
				450,995
				12,665
				11,615
				7,565
				3,849,674
				(2,333,003)
				63,963,734
				\$ 61,630,731

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

City of Castle Pines, Colorado
Governmental Funds Balance Sheet
December 31, 2017

	<u>General</u>	<u>Capital Improvement</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash	\$ 2,065,112	\$ 873,196	\$ 380,318	643,128	\$ 3,961,754
Investments	2,967,705	-	-	-	2,967,705
Accounts receivable	477,675	-	-	-	477,675
Property tax receivable	801,240	-	-	-	801,240
Total assets	<u>\$ 6,311,732</u>	<u>\$ 873,196</u>	<u>\$ 380,318</u>	<u>\$ 643,128</u>	<u>\$ 8,208,374</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	140,708	-	-	1,003	141,711
Deposits held	124,099	-	-	-	124,099
Total Liabilities	<u>264,807</u>	<u>-</u>	<u>-</u>	<u>1,003</u>	<u>265,810</u>
Deferred Inflows of Resources					
Property taxes	795,641	-	-	-	795,641
Total deferred inflows of resources	<u>795,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>795,641</u>
Fund Balances					
Restricted:					
Emergency reserve	78,967	-	-	-	78,967
Parks and open space	-	-	-	500,837	500,837
Assigned	-	873,196	380,318	141,288	1,394,802
Unassigned	5,172,317	-	-	-	5,172,317
Total Fund Balances	<u>5,251,284</u>	<u>873,196</u>	<u>380,318</u>	<u>642,125</u>	<u>7,146,923</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,311,732</u>	<u>\$ 873,196</u>	<u>\$ 380,318</u>	<u>\$ 643,128</u>	<u>\$ 8,208,374</u>

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

City of Castle Pines, Colorado
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
December 31, 2017

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

Total fund balance - governmental fund	\$ 7,146,923
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	55,246,833
Deferred outflows are not current assets or financial resources; and deferred inflows are not due and payable in the current period and therefore are not reported in governmental funds.	
Deferred outflows related to pension	134,660
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet. Long-term liabilities at year end consist of:	
Net pension liability	<u>(897,685)</u>
Total net position - governmental activities	<u>\$ 61,630,731</u>

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

City of Castle Pines, Colorado
Combined Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended December 31, 2017

	<u>General</u>	<u>Capital Improvement</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 3,366,834	\$ -	\$ -	\$ -	\$ 3,366,834
Franchise fees	450,995	-	-	-	450,995
Licenses and permits	40,256	-	-	-	40,256
Charges for services	487,484	-	-	10,353	497,837
Fines and forfeitures	48,019	-	-	-	48,019
Intergovernmental	1,024,361	-	-	58,243	1,082,604
Interest	12,665	-	-	-	12,665
Other	75	-	-	11,540	11,615
Total Revenues	<u>5,430,689</u>	<u>-</u>	<u>-</u>	<u>80,136</u>	<u>5,510,825</u>
Expenditures:					
General government	729,140	-	-	-	729,140
Public safety	781,878	-	-	-	781,878
Public works	655,022	-	-	-	655,022
Parks and recreation	-	-	-	389,355	389,355
Community development	466,201	-	-	-	466,201
Capital Outlay	-	-	1,742,429	-	1,742,429
Total Expenditures	<u>2,632,241</u>	<u>-</u>	<u>1,742,429</u>	<u>389,355</u>	<u>4,764,025</u>
Transfers:					
To Parks and Recreation	(406,490)	-	-	-	(406,490)
From General Fund	-	1,717,494	-	406,490	2,123,984
From Capital Improvements Fund	-	-	2,017,494	-	2,017,494
From Conservation Trust Fund	14,055	-	-	-	14,055
To General Fund	-	-	-	(14,055)	(14,055)
To Capital Improvement Fund	(1,717,494)	-	-	-	(1,717,494)
To Capital Projects Fund	-	(2,017,494)	-	-	(2,017,494)
Total Transfers	<u>(2,109,929)</u>	<u>(300,000)</u>	<u>2,017,494</u>	<u>392,435</u>	<u>-</u>
Net change in fund balance	688,519	(300,000)	275,065	83,216	746,800
Fund balances:					
Beginning of the year	<u>4,562,765</u>	<u>1,173,196</u>	<u>105,253</u>	<u>558,909</u>	<u>6,400,123</u>
End of the year	<u>\$ 5,251,284</u>	<u>\$ 873,196</u>	<u>\$ 380,318</u>	<u>\$ 642,125</u>	<u>\$ 7,146,923</u>

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

City of Castle Pines, Colorado
Reconciliation of Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2017

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

Net change in Fund Balance of Governmental Fund	\$ 746,800
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Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Depreciation expense	(2,891,928)
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Some revenue/expenses reported in the statement of activities do not require the receipt/use of the current financial resources and, therefore, are not reported as revenues/expenditures in governmental funds.

Current-year pension contributions reported as deferred outflows	55,489
Pension expense	<u>(243,364)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (2,333,003)</u></u>
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The accompanying notes are an integral part of these financial statements.

City of Castle Pines, Colorado

Notes to Financial Statements

December 31, 2017

1. Summary of Significant Accounting Policies

The City of Castle Pines (the “City”) was incorporated on February 12, 2008, as a statutory municipality as defined in State statutes. The City is governed by a Mayor and six-member council elected by the residents.

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

Reporting Entity

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

Based on the application of this criteria, the City does not include additional organizations within its reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in a single column.

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

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2017

1. Summary of Significant Accounting Policies (continued)

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

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current year. Taxes and intergovernmental revenues associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

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

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

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

Capital Projects Fund – Receives transfers from the Capital Improvements Fund and records all expenditures related to capital projects or purchases.

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2017

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position/Fund Balance

Cash and Investments

Investments are reported at fair value.

Receivables

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

Prepaid Expenses

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

Capital Assets

Capital assets, which include equipment, land, park improvements, and all infrastructure assets owned by the City, are reported in the government-wide financial statements. Infrastructure assets include streets, curbs and sidewalks, and drainage and traffic systems. Land and infrastructure assets were donated to the City by Douglas County upon the City's incorporation. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized

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

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

Deferred Inflows of Resources

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

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2017

1. Summary of Significant Accounting Policies (continued)

Compensated Absences

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

Net Position/Fund Balance

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

Fund Equity

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance*- The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance*- The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. The constraint may be removed or changed only through formal action of the City Council.
- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes,

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2017

1. Summary of Significant Accounting Policies (continued)

but is neither restricted nor committed. Intent is expressed by the City Council to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

- *Unassigned fund balance*- The residual portion of fund balance that does not meet any of the criteria described above.

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

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the City on a monthly basis.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance for these risks of loss.

2. Cash and Investments

Cash Deposits

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

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy of limiting custodial credit risks by assuring that deposits are only made in eligible public depositories. As of December 31, 2017, none of the City's

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2017

2. Cash and Investments (continued)

deposits are deemed to be exposed to custodial credit risk.

The City's deposits as of December 31, 2017 are shown below.

Cash balances and investments:

	Bank Balance	Carrying Balance
Insured (FDIC)	\$ 3,906,128	\$3,961,754
Collateralized by securities held by the pledging financial institution's trust department or agent in the Town's name	2,967,705	2,967,705
Total cash and investments	\$ 6,873,833	\$ 6,929,459

The difference between the bank balance and carrying balance is \$55,626, which were outstanding items that had not cleared the banks as of December 31, 2017.

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

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

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2017

2. Cash and Investments (continued)

At December 31, 2017, the District had the following investments reported as cash and cash equivalents:

<u>Investment</u>	<u>Rating</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1 to Less than 5</u>	<u>Total</u>
U.S. Government Bonds	AAA	\$ -	\$ 2,967,705	\$ 2,967,705
		<u>\$ -</u>	<u>\$ 2,967,705</u>	<u>\$ 2,967,705</u>

3. Capital Assets

An analysis of the changes in net capital assets for the year ended December 31, 2017 follows:

	<u>December 31, 2016</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>December 31, 2017</u>
Capital assets, not being depreciated				
Land	\$ 814,943	\$ -	\$ -	\$ 814,943
Total capital assets, not being depreciated	<u>814,943</u>	<u>-</u>	<u>-</u>	<u>814,943</u>
Capital assets, being depreciated				
Leasehold improvements	124,908	-	-	124,908
Infrastructure	75,077,086	-	-	75,077,086
Park improvements	4,548,960	-	-	4,548,960
Vehicles and equipment	922,171	-	-	922,171
Total capital assets, being depreciated	<u>80,673,125</u>	<u>-</u>	<u>-</u>	<u>80,673,125</u>

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2017

3. Capital Assets (continued)

	<u>December 31, 2016</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>December 31, 2017</u>
Less accumulated depreciation for:				
Leasehold improvements	(3,123)	(6,245)	-	(9,368)
Infrastructure	(21,598,450)	(2,540,994)	-	(24,139,444)
Park improvements	(1,253,540)	(230,540)	-	(1,484,080)
Vehicles and equipment	<u>(494,195)</u>	<u>(114,148)</u>	-	<u>(608,343)</u>
Total accumulated depreciation	<u>(23,349,308)</u>	<u>(2,891,927)</u>	-	<u>(26,241,235)</u>
Total capital assets, being depreciated, net	<u>57,323,817</u>	<u>(2,891,927)</u>	-	<u>54,431,890</u>
Total capital assets, net	<u>\$ 58,138,760</u>	<u>\$ (2,891,927)</u>	<u>\$ -</u>	<u>\$ 55,246,833</u>

Depreciation expense for the year ended December 31, 2017 was charged to the following programs of the City:

General Government	\$ 6,244
Public Works	2,644,233
Parks and Recreation	<u>241,450</u>
Total	<u>2,891,927</u>

4. Retirement Commitments

Defined Benefit Pension Plan

Plan Description

The City contributes to the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The LGDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees of the City are members of the LGDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained by contacting Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado, 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy

The contribution requirements of members and the City are established under Title 24, Article

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2017

4. Retirement Commitments (continued)

51, Part 4 of the CRS, as amended. The City's contribution rate for the years ended December 31, 2017 was 13.7% of covered salaries. The contribution rate for members was 8% of covered salaries. A portion of the City's contribution (1.02% of covered salaries) was allocated to the Health Care Trust Fund (See Note 6). The City's contribution to the LGDTF for the year ended December 31, 2017 was \$55,489, equal to the required contribution.

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

At December 31, 2017, the City reported a liability of \$897,685 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, using standard roll-forward techniques to determine the liability as of December 31, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2016, the City's proportion was approximately 0.07 percent.

For the year ended December 31, 2017, the City recognized pension expense of \$243,364. At December 31, 2017, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 1,832
Differences between actual and expected earnings	69,520
Changes of assumptions	7,819
City contributions subsequent to the measurement date	55,489
Total	\$ 134,660

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2017

4. Retirement Commitments (continued)

The \$55,489 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending December 31,	
2018	\$47,938
2019	30,208
2020	1,025

Actuarial Assumptions

The total pension liability in the December 31, 2016 roll-forward of the actuarial valuation was determined using the following revised actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.50 – 10.45 percent, including inflation
Investment rate of return	7.25 percent, net of Plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA to 2020 with males set back 1 year, and females set back 2 years.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience.

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2017

4. Retirement Commitments (continued)

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
US Equity – Large Cap	21.20%	4.30%
US Equity – Small Cap	7.42%	4.80%
Non US Equity – Developed	18.55%	5.20%
Non US Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that contributions from employers will be made at fixed statutory rates specified by law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2017

4. Retirement Commitments (continued)

The discount rate determination does not use the Municipal Bond Index Rate. The discount rate changed from the prior measurement date discount rate of 7.50 percent.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	Discount rate	Authority's proportionate share of net pension liability
1% decrease	6.50%	\$ 1,323,595
Current discount rate	7.50%	\$ 897,685
1% increase	8.50%	\$ 544,984

Defined Contribution Pension Plan

Plan Description

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

Funding Policy

The Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the CRS, as amended. In addition, the City has agreed to match employee contributions up to 3% of covered salaries. Forfeitures are used to pay expenses of the PERA defined contribution plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the Colorado Revised Statutes. For the year ended December 31, 2017, the City and Plan members contributed \$10,189 to the Plan.

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2017

5. Post-Employment Healthcare Benefits

Plan Description

The City contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF.

That report may be obtained as described previously.

Funding Policy

The City is required to contribute at a rate of 1.02% of covered salaries for all PERA members as set by statute. No member contributions are required. The contribution requirements for the City are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contributions of the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The City's apportionment to the HCTF for the year ended December 31, 2017 was \$4,126, equal to the required amount.

6. Commitments and Contingencies

The Canyons Annexation and Development Agreement

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

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

Claims and Judgements

The City participates in state and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2017

6. Commitments and Contingencies (continued)

program regulations, the City may be required to reimburse the grantor government. At December 31, 2017, the City believes that any subsequent audits will not have a material effect on the overall financial position of the City.

Tabor Amendment

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

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

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

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2017, the emergency reserve of \$78,967 was reported as restricted fund balance in the General Fund.

Operating Leases

On March 30, 2016, the City entered into a short-term lease agreement with the Douglas County Libraries (the “Library”), a library district formed in Douglas County pursuant to the provisions of C.R.S. §§ 24-90-101 through 119, for the exclusive use of a 2,056 square foot portion of the Library Building designated as Suite B. The short-term lease agreement ended on June 30, 2016 and required annual payments of \$12 plus a prorated share of common area expenses. On June 30, 2016, the City and the Library entered into a long-term lease agreement for the same space, expiring on June 30, 2026, under the same terms. The City made total payments under this lease of \$19,611 during the year ended December 31, 2017.

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2017

6. Commitments and Contingencies (continued)

The Company also leases copier equipment under an operating lease that expires January 21, 2020. Rent expense under this lease totaled \$3,411 during 2017.

At December 31, 2017, the minimum lease payments under the terms of all lease agreements were as follows:

2018	3,408
2019	3,408
2020	295
2021	12
2022	12
2023-2026	48

City of Castle Pines, Colorado

Required Supplementary Information

City of Castle Pines, Colorado
General Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Taxes	\$ 3,259,445	\$ 3,259,445	\$ 3,366,834	\$ 107,389
Franchise fees	502,000	502,000	450,995	(51,005)
Licenses and permits	40,500	40,500	40,256	(244)
Intergovernmental	961,860	961,860	1,024,361	62,501
Charges for services	372,694	372,694	487,484	114,790
Fines and forfeitures	72,000	72,000	48,019	(23,981)
Interest income	-	-	12,665	12,665
Other income	-	-	75	75
	<u>5,208,499</u>	<u>5,208,499</u>	<u>5,430,689</u>	<u>222,190</u>
Total Revenues				
Expenditures				
City council	31,400	31,400	29,803	1,597
City manager	238,452	238,452	227,967	10,485
General operations	108,064	108,064	109,231	(1,167)
Legal services	85,000	85,000	115,878	(30,878)
Finance	102,076	102,076	94,288	7,788
City clerk	114,817	114,817	109,436	5,381
Municipal court	39,800	39,800	42,537	(2,737)
Public safety	787,643	787,643	781,878	5,765
Public works	1,129,122	1,129,122	655,022	474,100
Community development	456,247	456,247	466,201	(9,954)
Total Expenditures	<u>3,092,621</u>	<u>3,092,621</u>	<u>2,632,241</u>	<u>460,380</u>
Excess Of Revenues Over				
(Under) Expenditures	2,115,878	2,115,878	2,798,448	682,570
Other Financial Sources (Uses)				
Operating Transfers (Out)	<u>(2,115,878)</u>	<u>(2,115,878)</u>	<u>(2,109,929)</u>	<u>5,949</u>
Net Change in Fund Balance	-	-	688,519	688,519
Fund Balance, Beginning of Year	<u>3,942,208</u>	<u>3,942,208</u>	<u>4,562,765</u>	<u>620,557</u>
Fund Balance, End of Year	<u>\$ 3,942,208</u>	<u>\$ 3,942,208</u>	<u>\$ 5,251,284</u>	<u>\$ 1,309,076</u>

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

City of Castle Pines, Colorado
Retirement Plan Supplementary Information
For the Year Ended December 31, 2015

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

<u>Year Ending*</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
12/31/2015	0.064%	\$ 576,789	\$ 281,152	205.15%	80.72%
12/31/2016	0.066%	\$ 732,317	\$ 401,445	182.42%	76.90%
12/31/2017	0.066%	\$ 897,685	\$ 404,528	221.91%	73.65%

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

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

Schedule of Employer Contributions

<u>Year Ending</u>	<u>Statutorily Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2011	33,512	33,512	-	244,616	13.7%
12/31/2012	47,433	47,433	-	346,227	13.7%
12/31/2013	38,811	38,811	-	283,293	13.7%
12/31/2014	48,308	48,308	-	352,618	13.7%
12/31/2015	51,724	51,724	-	377,547	13.7%
12/31/2016	54,998	54,998	-	401,445	13.7%
12/31/2017	55,489	55,489	-	404,528	13.7%

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

City of Castle Pines, Colorado

Other Supplementary Information

City of Castle Pines, Colorado
Capital Improvements Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Total Revenues	-	-	-	-
Expenditures				
Total Expenditures	-	-	-	-
Excess Of Revenues Over (Under) Expenditures	-	-	-	-
Other Financial Sources (Uses)				
Operating Transfers (Out)	(300,000)	(300,000)	(300,000)	-
Net Change in Fund Balance	(300,000)	(300,000)	(300,000)	-
Fund Balance, Beginning of Year	1,173,196	1,173,196	1,173,196	-
Fund Balance, End of Year	<u>\$ 873,196</u>	<u>\$ 873,196</u>	<u>\$ 873,196</u>	<u>\$ -</u>

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

City of Castle Pines, Colorado
Capital Projects Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Concrete - Curb & Gutter	300,000	300,000	300,715	(715)
Major Roads/Streets	1,317,494	1,317,494	1,343,723	(26,229)
Gateway Improvements	250,000	250,000	97,991	152,009
Electronic Messaging Board	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Total Expenditures	<u>2,017,494</u>	<u>2,017,494</u>	<u>1,742,429</u>	<u>275,065</u>
Excess Of Revenues Over (Under) Expenditures	(2,017,494)	(2,017,494)	(1,742,429)	275,065
Other Financial Sources (Uses)				
Operating Transfers (Out)	<u>2,017,494</u>	<u>2,017,494</u>	<u>2,017,494</u>	<u>-</u>
Net Change in Fund Balance	-	-	275,065	275,065
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>105,253</u>	<u>105,253</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380,318</u>	<u>\$ 380,318</u>

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

City of Castle Pines, Colorado

Combining Balance Sheet

Other Governmental Funds

December 31, 2017

	<u>Parks & Recreation Fund</u>	<u>Conservation Trust Fund</u>	<u>TOTALS</u>
Assets			
Cash and cash equivalents	\$ 237,291	\$ 405,837	\$ 643,128
Total assets	<u>\$ 237,291</u>	<u>\$ 405,837</u>	<u>\$ 643,128</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 1,003	\$ -	\$ 1,003
Total Liabilities	<u>\$ 1,003</u>	<u>\$ -</u>	<u>\$ 1,003</u>
Fund Balances			
Restricted	\$ -	\$ 500,837	\$ 500,837
Assigned	<u>236,288</u>	<u>(95,000)</u>	<u>141,288</u>
Total Fund Balances	<u>\$ 236,288</u>	<u>\$ 405,837</u>	<u>\$ 642,125</u>
Total Liabilities and Fund Balances	<u>\$ 237,291</u>	<u>\$ 405,837</u>	<u>\$ 643,128</u>

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

City of Castle Pines, Colorado
Other Governmental Funds
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended December 31, 2017

	<u>Parks & Recreation Fund</u>	<u>Conservation Trust Fund</u>	<u>TOTALS</u>
Revenues			
Charges for services	\$ 10,353	\$ -	\$ 10,353
Intergovernmental	-	58,243	58,243
Other	<u>11,540</u>	<u>-</u>	<u>11,540</u>
Total Revenue	21,893	58,243	80,136
Expenditures			
Parks and Recreation	<u>389,355</u>	<u>-</u>	<u>389,355</u>
Total Expenditures	<u>389,355</u>	<u>-</u>	<u>389,355</u>
Transfers	<u>406,490</u>	<u>(14,055)</u>	<u>392,435</u>
Net change in fund balance	<u>39,028</u>	<u>44,188</u>	<u>83,216</u>
Fund Balances			
Beginning of the year	<u>197,260</u>	<u>361,649</u>	<u>558,909</u>
End of the year	<u><u>\$ 236,288</u></u>	<u><u>\$ 405,837</u></u>	<u><u>\$ 642,125</u></u>

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

City of Castle Pines, Colorado
Parks and Recreation Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Charges for services				
Park Fees	\$ 19,000	\$ 19,000	9,781	\$ (9,219)
Event Fees	20,000	20,000	572	(19,428)
Other	-	-	11,540	11,540
Grants	-	-	-	-
Total Revenues	<u>\$ 39,000</u>	<u>\$ 39,000</u>	<u>\$ 21,893</u>	<u>\$ (17,107)</u>
Expenditures				
Salaries and Wages	58,411	58,411	54,174	4,237
Employer Payroll Expenses	8,967	8,967	8,183	784
Employee Benefits	13,532	13,532	11,813	1,719
Education and Training	1,000	1,000	-	1,000
Professional Expenses	40,000	40,000	14,039	25,961
Parks Contract Maintenance	40,000	40,000	31,979	8,021
Water Feature O&M	29,000	29,000	29,081	(81)
Park R&M	50,000	50,000	79,852	(29,852)
Parks Supplies	3,500	3,500	1,834	1,666
Parks Utilities	35,000	35,000	27,650	7,350
Insurance	30,000	30,000	24,399	5,601
Weed Mitigation	5,000	5,000	-	5,000
Security & Surveillance	1,000	1,000	-	1,000
Mileage Reimbursement	75	75	-	75
Dues & Subscriptions	200	200	175	25
Vehicle and Vehicle Expense	1,700	1,700	1,409	291
City Event Expenses	20,000	20,000	4,767	15,233
Reuter Hess Rec Contribution	100,000	100,000	100,000	-
Total Expenditures	<u>437,385</u>	<u>437,385</u>	<u>389,355</u>	<u>32,797</u>
Excess Of Revenues Over				
(Under) Expenditures	(398,385)	(398,385)	(367,462)	15,690
Other Financial Sources				
Operating Transfers	398,385	398,385	406,490	8,105
Net Change in Fund Balance	-	-	39,028	39,028
Fund Balance, Beginning of Year	205,476	205,476	197,260	(8,216)
Fund Balance, End of Year	<u>\$ 205,476</u>	<u>\$ 205,476</u>	<u>\$ 236,288</u>	<u>\$ 30,812</u>

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

City of Castle Pines, Colorado
Conservation Trust Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenue				
State Lottery Disbursement	\$ 60,000	\$ 60,000	\$ 58,243	\$ (1,757)
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>58,243</u>	<u>(1,757)</u>
Expenditures				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Of Revenues Over (Under) Expenditures	60,000	60,000	58,243	(1,757)
Other Financial Sources (Uses)				
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>(14,055)</u>	<u>(14,055)</u>
Net Change in Fund Balance	60,000	60,000	44,188	(15,812)
Fund Balance, Beginning of Year	<u>321,076</u>	<u>321,076</u>	<u>361,649</u>	<u>40,573</u>
Fund Balance, End of Year	<u>\$ 381,076</u>	<u>\$ 381,076</u>	<u>\$ 405,837</u>	<u>\$ 24,761</u>

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

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

LOCAL HIGHWAY FINANCE REPORT

City or County:
City of Castle Pines
YEAR ENDING :
December 2017

This Information From The Records Of City of Castle Pines

Prepared By: Tammy Deglow, Deputy City Treasurer
Phone: 303-705-0210

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,317,494
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	61,000
2. General fund appropriations	1,129,122	b. Snow and ice removal	334,000
3. Other local imposts (from page 2)	815,565	c. Other	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	395,000
5. Transfers from toll facilities		4. General administration & miscellaneous	147,526
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	84,667
a. Bonds - Original Issues		6. Total (1 through 5)	1,944,687
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)	1,944,687	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	0	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,944,687	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)	1,944,687

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
		1,944,687	1,944,687		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2017

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	0	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	815,565	g. Other Misc. Receipts	
6. Total (1. through 5.)	815,565	h. Other	
c. Total (a. + b.)	815,565	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	0	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	0	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.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	0	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	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			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: