

City of Castle Pines, Colorado

Financial Statements and Independent Auditor's Report

December 31, 2020


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Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Castle Pines, Colorado, as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the City of Castle Pines, Colorado's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Castle Pines, Colorado, as of December 31, 2020 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Castle Pines, Colorado's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Castle Pines, Colorado's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Castle Pines, Colorado's ability to continue as a going concern for a reasonable period of time.

Other-Matters

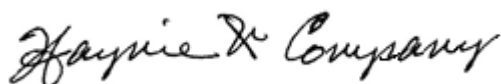
Required Supplementary Information

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 28, 2021



City of Castle Pines, Colorado
Management's Discussion and Analysis
December 31, 2020

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, 2020.

FINANCIAL HIGHLIGHTS

- Total assets exceeded total liabilities by \$65,864,606 at the end of the fiscal year.
- The City's total governmental funds reported an ending fund balance of \$8,262,136 at the end of the fiscal year.
- The City's General Fund reported an ending fund balance of \$4,898,307 at the end of the fiscal year, a decrease of \$351,101 from the ending fund balance of the prior fiscal year.
- Eighty-nine percent (89%) of the ending fund balance of the General Fund consists of \$4,360,001 in unrestricted, unassigned fund balance, which is available for spending at the City's discretion.
- Actual General Fund revenues and expenditures exceed the original budget due to greater than projected new home construction and other development-related activity.
- The coronavirus pandemic also caused \$382,539 in expenditures that were not expected when the original budget was prepared. The City was reimbursed \$380,359 for these expenditures from the federal CARES Act grant.
- All funds were within budget.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing changes in the City's net position during the fiscal year. Changes in net position are reported when the underlying event giving rise to the

change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in future fiscal periods.

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City currently maintains five funds: the general fund, the capital improvements fund, the 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, Parks and Recreation Fund and Conservation Trust Fund, as well as the local highway finance report required by State statute.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets related to governmental activities exceeded liabilities by \$65,864,606 at the close of the most recent fiscal year.

	Net Position	
	<u>2020</u>	<u>2019</u>
Current assets	\$ 12,573,427	\$ 10,310,169
Other assets		
Capital assets	<u>58,325,109</u>	<u>54,200,144</u>
Total assets	70,898,536	64,510,313
Deferred outflows of resources	<u>299,055</u>	<u>278,497</u>
Total deferred outflows of resources	278,497	278,497
Current liabilities	3,302,076	1,968,251
Noncurrent liabilities	<u>737,377</u>	<u>954,198</u>
Total liabilities	4,039,453	2,922,449
Deferred inflows of resources		
Property taxes	1,009,215	947,112
Deferred inflows related to pension	269,969	-
Deferred inflows related to OPEB	<u>14,348</u>	<u>112</u>
Deferred inflows of resources	1,293,532	947,224
Net investment in capital assets	58,325,109	54,200,144
Restricted net position	1,428,480	749,887
Unrestricted net position	<u>6,111,017</u>	<u>5,969,106</u>
Total net position	<u>\$ 65,864,606</u>	<u>\$ 60,919,137</u>

The largest portion of the City's net position (89%) reflects its investment in capital assets, net of related debt. The City utilizes these capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

An additional portion of the City's net position (2%) represents resources that are subject to restrictions on how they can be used and are not currently available for the City's ongoing obligations (e.g., emergency TABOR reserve and funds restricted for Conservation Trust Fund

eligible expenditures). The remaining balance of unrestricted net position totaling \$6,111,017 (9%) 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	
	<u>2020</u>	<u>2019</u>
Revenue		
Program revenues		
Charges for service	\$ 5,428,159	\$ 2,512,902
Operating grants and contributions	3,802,582	-
Capital grants and contributions	1,001,014	-
General Revenues		
Sales and use taxes	5,666,151	4,596,977
Other taxes	1,023,539	879,661
Franchise fees	480,371	465,777
Intergovernmental	1,311,642	1,947,399
Other	<u>197,076</u>	<u>273,521</u>
Total Revenues	18,910,534	10,676,237
Expenses		
General government	1,802,033	1,085,979
Public safety	1,030,368	899,320
Public works	7,668,224	4,902,853
Parks and recreation	779,684	660,806
Community development	<u>2,684,756</u>	<u>1,906,208</u>
Total Expenses	<u>13,965,065</u>	<u>9,455,166</u>
Change in net position	4,945,469	1,221,071
Net position - beginning	<u>60,919,137</u>	<u>59,698,066</u>
Net position - ending	<u>\$ 65,864,606</u>	<u>\$ 60,919,137</u>

The City experienced an increase in revenue of \$8,234,297 compared with the prior fiscal year. Of the total revenue increase, sales and use taxes increased \$1,069,174 and charges for service increased \$2,915,257. Both increases are primarily because of a significant increase in new development-related activity, including new home construction. Despite the impact from the coronavirus pandemic, sales tax also increased because of an increase in sales tax revenue coming from remote sellers, which resulted from the South Dakota v. Wayfair Inc. U.S. Supreme Court decision. A large component of the increase (\$2,505,169) in charges for service is a developer payment to the City, which the City passes through to a flood control district for a major stormwater improvement project.

Also contributing to the overall increase in revenue are operating grants and contributions, which consist of a \$3,422,223 contribution from a developer and a \$380,359 federal CARES Act grant. The developer contribution can be used at the City's discretion and the federal CARES Act grant was used to offset City COVID-19 expenditures, including assistance to businesses for lost revenue.

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

Total expenses increased \$4,509,899. Public Works expenses increased \$2,765,371. Most of this increase is due to the same \$2,505,169 pass-through to the flood control district for a major stormwater improvement project, discussed in the revenue increase explanation. The remainder of the increase in total expenses is primarily due to an increase in development-related activity (\$1,130,356 - building department services, development-related engineering and inspections, and construction use tax credits) and expenditures related to the coronavirus pandemic (\$382,539 - not all was reimbursed by the federal grant).

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

General Fund

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

At the end of 2020, the City's General Fund reported an ending fund balance of \$4,898,307. Revenues of \$14,402,247 exceeded expenditures of \$10,596,348 by \$3,805,899. In addition to funding City operations, General Fund revenues are transferred to the Capital Improvements Fund for capital projects and to the Parks and Recreation Fund for operating and parks capital expenditures. In 2020, \$4,000,000 was transferred to the Capital Improvement Fund and \$157,000 was transferred to the Parks and Recreation Fund. The difference between revenue and expenditures plus transfers out decreased fund balance by \$351,101.

Unrestricted-unassigned ending fund balance, which is available for spending at the City's discretion, is \$4,360,001 and makes up 89% of the total ending fund balance.

Non-spendable (\$1,020) and restricted (\$537,286) fund balance makes up the remaining fund balance. The entire restricted fund balance consists of emergency reserves set aside as required by the State Constitution (amendment to Article X, Section 20).

Capital Improvement Fund

The Capital Improvement Fund accounts for capital projects or capital outlay not accounted for in other City Funds. The fund receives most of its revenue from the General Fund. In 2020, \$6,030,771 was expended primarily for street improvements. The Capital Improvement Fund was supported by a transfer from the General Fund of \$4,000,000 and a contribution from a developer, which the City can use at its discretion, leaving an ending fund balance of \$2,470,981.

Parks and Recreation Fund

The Parks and Recreation Fund accounts for parks and recreation revenues and expenditures. Expenditures consist of operation and maintenance of the City's regional park and are supported by transfers from the General Fund and Conservation Trust Fund, as well as fees charged for use of the park. The fund also accounts for the City's \$100,000 annual contribution to the Rueter-Hess Recreation Authority for a share of operational and capital improvement costs. The ending fund balance consists of restricted funds totaling \$503,752, which represent the remaining funds the City received from the Castle Pines Parks Authority that were restricted to specific parks and recreation uses as outlined in the agreement regarding the transfer of the dissolved Authority's assets to the City. The remaining fund balance (\$1,654) is assigned for parks and recreation purposes.

Conservation Trust Fund

The Conservation Trust Fund accounts for the expenditure of lottery proceeds received from the state. The use of these funds is restricted to certain parks and recreation or other similar purposes by state law. The City transferred \$100,000 from this fund to the Parks and Recreation Fund in 2020.

BUDGETARY HIGHLIGHTS

General Fund

Total revenues (\$14,402,247) were greater than the budgeted amount (\$14,255,500) by \$146,747.

Tax revenue exceeded the original budget by \$896,090 and the final budget by \$228,690. An increase in sales tax revenue due to taxability of remote sales (U.S. Supreme Court Wayfair decision) and an increase in construction use tax due to an increase in new home construction. The above explanations coupled with conservative budget practices resulted in tax revenues exceeding the original budget.

Fines and forfeitures were \$164,616 lower than the budget. Traffic enforcement was significantly reduced because of the coronavirus pandemic. Interest income exceeded the conservatively budgeted amount by \$108,537.

Total expenditures exceeded the original budget by \$2,609,748 primarily because of greater than expected development-related activity, an increase in the stormwater passthrough discussed earlier, and the unexpected costs related to the coronavirus pandemic.

The budget was amended to cover increased expenditures. All the increased expenditures were

covered by an increase in revenues.

Capital Improvements Fund

Actual revenue exceeded the budget by \$3,328,223. The primary reason for this is that the City did not budget for \$3,422,223 contributed funds received from a developer. Actual expenditures were \$1,580,929 lower than the budget. The City budgets for the entire cost of projects in a given year. Unspent budgeted funds for projects that span across fiscal years and are not completed in the current year are carried forward to the following year.

CAPITAL ASSETS

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

REQUESTS FOR INFORMATION

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

Basic Financial Statements

City of Castle Pines, Colorado
Statement of Net Position
December 31, 2020

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 10,529,794
Accounts receivable	1,007,898
Property taxes receivable	1,009,215
Interest receivable	25,500
Prepaid expenses	1,020
Capital assets, not being depreciated	2,249,035
Capital assets, net of accumulated depreciation	<u>56,076,074</u>
Total assets	<u>70,898,536</u>
Deferred Outflows of Resources	
Deferred outflows related to pension	270,279
Deferred outflows related to OPEB	<u>28,776</u>
Total deferred outflows of resources	<u>299,055</u>
Total assets and deferred outflows of resources	<u>\$ 71,197,591</u>
Liabilities	
Accounts payable	\$ 2,765,203
Accrued liabilities	483,962
Deposits held	52,911
Net pension liability	659,708
Net OPEB liability	<u>77,669</u>
Total liabilities	<u>4,039,453</u>
Deferred Inflows of Resources	
Property tax revenue	1,009,215
Deferred inflows related to pension	269,969
Deferred inflows related to OPEB	<u>14,348</u>
Total deferred inflows of resources	<u>1,293,532</u>
Net Position	
Net investment in capital assets	58,325,109
Restricted for:	
Emergencies	537,286
Parks and open space	891,194
Unrestricted:	<u>6,111,017</u>
Total net position	<u>65,864,606</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 71,197,591</u>

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

City of Castle Pines, Colorado
Statement of Activities
For the Year Ended December 31, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government:					
Governmental activities:					
General government	\$ 1,802,033	\$ 5,428,159	\$ 3,802,582	\$ 858,900	\$ 8,287,608
Public safety	1,030,368	-	-	-	(1,030,368)
Public works	7,668,224	-	-	142,114	(7,526,110)
Parks and recreation	779,684	-	-	-	(779,684)
Community development	2,684,756	-	-	-	(2,684,756)
Total Governmental Activities	<u>13,965,065</u>	<u>5,428,159</u>	<u>3,802,582</u>	<u>1,001,014</u>	<u>(3,733,310)</u>
					941,843
					81,696
					2,430,999
					3,235,152
					480,371
					163,537
					33,539
					<u>1,311,642</u>
					<u>8,678,779</u>
					<u>4,945,469</u>
					<u>60,919,137</u>
					<u>\$ 65,864,606</u>

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

City of Castle Pines, Colorado
Governmental Funds Balance Sheet
December 31, 2020

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 6,226,383	3,356,507	\$ 946,904	\$ 10,529,794
Prepaid expenses	1,020	-	-	1,020
Accounts receivable	1,007,898	-	-	1,007,898
Interest receivable	25,500	-	-	25,500
Property tax receivable	1,009,215	-	-	1,009,215
Total assets	\$ 8,270,016	\$ 3,356,507	\$ 946,904	\$ 12,573,427
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	2,283,456	427,691	54,056	2,765,203
Accrued liabilities	26,127	457,835	-	483,962
Deposits held	52,911	-	-	52,911
Total Liabilities	2,362,494	885,526	54,056	3,302,076
Deferred Inflows of Resources				
Property taxes	1,009,215	-	-	1,009,215
Total deferred inflows of resources	1,009,215	-	-	1,009,215
Fund Balances				
Nonspendable:				
Prepaid expenses	1,020	-	-	1,020
Restricted:				
Emergency reserve	537,286	-	-	537,286
Parks and open space	-	-	891,194	891,194
Assigned	-	2,470,981	1,654	2,472,635
Unassigned	4,360,001	-	-	4,360,001
Total Fund Balances	4,898,307	2,470,981	892,848	8,262,136
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,270,016	\$ 3,356,507	\$ 946,904	\$ 12,573,427

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, 2020

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

Total fund balance - governmental fund	\$ 8,262,136
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	58,325,109
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	270,279
Deferred outflows related to OPEB	28,776
Deferred inflows related to OPEB	(14,348)
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	(659,708)
Net OPEB liability	<u>(77,669)</u>
Total net position - governmental activities	<u>\$ 65,864,606</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, 2020

	<u>General</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 6,689,690	\$ -	\$ -	\$ 6,689,690
Franchise fees	480,371	-	-	480,371
Licenses and permits	171,026	-	-	171,026
Charges for services	5,147,579	-	13,470	5,161,049
Fines and forfeitures	96,084	-	-	96,084
Intergovernmental	1,253,800	-	57,842	1,311,642
Grants	380,359	-	-	380,359
Interest	163,537	-	-	163,537
Other	19,801	3,422,223	13,738	3,455,762
Total Revenues	<u>14,402,247</u>	<u>3,422,223</u>	<u>85,050</u>	<u>17,909,520</u>
Expenditures:				
General government	1,746,103	-	-	1,746,103
Public safety	1,030,368	-	-	1,030,368
Public works	5,051,931	68,619	-	5,120,550
Parks and recreation	83,190	-	369,048	452,238
Community development	2,684,756	-	-	2,684,756
Capital Outlay	-	5,962,152	46,023	6,008,175
Total Expenditures	<u>10,596,348</u>	<u>6,030,771</u>	<u>415,071</u>	<u>17,042,190</u>
Transfers:				
To Parks and Recreation	(157,000)	-	-	(157,000)
From General Fund	-	4,000,000	157,000	4,157,000
From Capital Improvements Fund	-	-	-	-
From Conservation Trust Fund	-	-	-	-
To General Fund	-	-	-	-
To Capital Improvement Fund	(4,000,000)	-	-	(4,000,000)
To Capital Projects Fund	-	-	-	-
Total Transfers	<u>(4,157,000)</u>	<u>4,000,000</u>	<u>157,000</u>	<u>-</u>
Net change in fund balance	(351,101)	1,391,452	(173,021)	867,330
Fund balances:				
Beginning of the year	<u>5,249,408</u>	<u>1,079,529</u>	<u>1,065,869</u>	<u>7,394,806</u>
End of the year	<u>\$ 4,898,307</u>	<u>\$ 2,470,981</u>	<u>\$ 892,848</u>	<u>\$ 8,262,136</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, 2020

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

Net change in Fund Balance of Governmental Fund	\$ 867,330
<p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>	
Capital outlay	\$ 6,008,175
Depreciation expense	(2,884,225)
Donation of capital assets	1,001,014
<p>Changes in the City's net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the City's pension and OPEB plans for the current year do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental fund financial statements</p>	
	<u>(46,825)</u>
Change in Net Position of Governmental Activities	<u>\$ 4,945,469</u>

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

City of Castle Pines, Colorado

Notes to Financial Statements

December 31, 2020

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. On May 14, 2019, residents voted in support of changing the City’s government structure to Home Rule and the City became the 102nd home rule municipality in Colorado. The City is governed by a Mayor and six-member council elected by the residents.

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

Reporting Entity

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

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

Government-wide and Fund Financial Statements

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

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

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

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

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

Measurement focus, basis of accounting, and financial statement presentation

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

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

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

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

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

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

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

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

Budgets

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

On or before September 30, the City staff submits to the Council a proposed budget for the next fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. A public hearing is conducted by the City Council to obtain taxpayer comments. State law requires that the City adopt a budget prior to the certification of its mill levy to the county and file a certified copy of its budget with the Division of Local Government within 30 days of such adoption. Failure to do so can result in the County Treasurer withholding future property tax revenues pending compliance by the City. The City filed the certified copy of its budget timely for 2020.

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

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

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.

Compensated Absences

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

Net Position/Fund Balance

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

Fund Equity

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

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

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

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

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

Property Taxes

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

Risk Management

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

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

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, 2020, none of the City's deposits are deemed to be exposed to custodial credit risk.

The City's deposits as of December 31, 2020 are shown below.

Cash balances and investments:

	Bank Balance	Carrying Balance
Insured (FDIC)	\$ 2,091,914	\$ 1,512,403
Collateralized by securities held by the pledging financial institution's trust department or agent in the City's name	9,017,391	9,017,391
Total cash and investments	\$ 11,109,305	\$ 10,529,794

The difference between the bank balance and carrying balance is \$579,912, which were outstanding items that had not cleared the banks as of December 31, 2020.

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

2. Cash and Investments (continued)

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

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

At December 31, 2020, the District had the following investments reported as cash and investments:

<u>Investment</u>	<u>Rating</u>	<u>Investment Maturities</u> <u>(in Years)</u>		
		<u>Less than 1</u>	<u>1 to Less than 5</u>	<u>Total</u>
Money Market Funds		\$ 14,024	\$ -	\$ 14,024
U.S. Government Bonds	AAA	1,510,105	5,077,975	6,588,080
CSAFE		<u>2,415,287</u>	<u>-</u>	<u>2,415,287</u>
		<u>\$ 3,939,416</u>	<u>\$ 5,077,975</u>	<u>\$ 9,017,391</u>

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

2. Cash and Investments (continued)

Fair Value Measurement and Application

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. All current investments measured at fair value are Level 1. Investments not measured at fair value and not categorized include governmental money market funds (Dreyfus Government Cash Management Income Reinvested) and CSAFE (which are recorded at amortized cost).

CSAFE

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

3. Capital Assets

An analysis of the changes in net capital assets for the year ended December 31, 2020 follows:

	<u>December 31,</u> <u>2019</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>December 31,</u> <u>2020</u>
Capital assets, not being depreciated				
Land	\$ 814,943	\$ 858,900	\$ -	\$ 1,673,843
Construction in progress	<u>4,311,311</u>	<u>575,192</u>	<u>(4,311,311)</u>	<u>575,192</u>
Total capital assets, not being depreciated	<u>5,126,254</u>	<u>1,434,092</u>	<u>(4,311,311)</u>	<u>2,249,035</u>

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

3. Capital Assets (continued)

	<u>December 31, 2019</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>December 31, 2020</u>
Capital assets, being depreciated				
Infrastructure	75,252,931	9,886,410	-	85,139,341
Buildings and improvements	4,673,868	-	-	4,673,868
Vehicles and equipment	<u>1,151,901</u>	<u>-</u>	<u>-</u>	<u>1,151,901</u>
Total capital assets, being depreciated	<u>81,078,700</u>	<u>9,886,410</u>	<u>-</u>	<u>90,965,110</u>
Less accumulated depreciation for:				
Infrastructure	(29,227,555)	(2,547,674)	-	(31,775,229)
Buildings and improvements	(1,850,629)	(232,663)	-	(2,083,292)
Vehicles and equipment	<u>(926,627)</u>	<u>(103,888)</u>	<u>-</u>	<u>(1,030,515)</u>
Total accumulated depreciation	<u>(32,004,811)</u>	<u>(2,884,225)</u>	<u>-</u>	<u>(34,889,036)</u>
Total capital assets, being depreciated, net	<u>49,073,889</u>	<u>7,002,185</u>	<u>-</u>	<u>56,076,074</u>
Total capital assets, net	<u>\$ 54,200,143</u>	<u>\$ 8,436,277</u>	<u>\$ (4,311,311)</u>	<u>\$ 58,325,109</u>

Depreciation expense for the year ended December 31, 2020 was charged to the following programs of the City:

General Government	\$ 9,105
Public Works	2,547,674
Parks and Recreation	<u>327,446</u>
Total	<u>\$ 2,884,225</u>

4. Public-Private Partnership Agreement

During the year ended December 31, 2020, the City entered into a public-private partnership agreement with LS Partners, LLC to assist the City in funding and acquiring certain property to design and construct a future City administration building and a recreational facility. As a result of this agreement, the City reported contributions in the Capital Improvement Fund of \$3,422,223. Conveyed land of \$858,900 was also reflected as both an addition to Land and as a capital contribution in the government-wide Statement of Net Position and Statement of Activities.

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

5. 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 51, Part 4 of the CRS, as amended. The City's contribution rate for the years ended December 31, 2020 was 13.7% of covered salaries through June 30, 2020 and 14.2% from July 1, 2020 through December 31, 2020. 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, 2020 was \$48,123, equal to the required contribution.

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

At December 31, 2020, the City reported a liability of \$659,708 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, using standard roll-forward techniques to determine the liability as of December 31, 2019. 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, 2019, the City's proportion was approximately 0.09 percent.

For the year ended December 31, 2020, the City recognized pension expense of \$147,272. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

5. Retirement Commitments (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,182	\$ -
Differences between projected and actual investment earnings	-	269,969
Change in proportion and differences between contributions recognized and proportionate share of contributions	125,737	-
Authority contributions subsequent to the measurement date	101,360	-
Total	\$ 270,279	\$ 269,969

The \$101,360 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, 2021. 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,	
2021	\$ 57,547
2022	(55,004)
2023	(11,479)
2024	(92,114)

Actuarial Assumptions

The total pension liability in the December 31, 2019 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-2014 Healthy Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the periods January 1, 2012 through December 31, 2015, as well as the October 28, 2016 actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016 Board meeting.

The 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

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

5. Retirement Commitments (continued)

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 member contributions rates in effect for each year, including the scheduled increases in SB 18-200, 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. Additionally, estimated employer contributions included reductions of the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions. Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate. The AIR balance was excluded from the initial FNP, as per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections. Benefit payments and contributions were assumed to be made at the middle of the year. Based on those assumptions, the LGDTF's fiduciary net

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

5. Retirement Commitments (continued)

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. The discount rate determination does not use the municipal bond index rate. The discount rate did not change from the prior measurement date discount rate of 7.25 percent.

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

The following presents the City’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	6.25%	\$ 1,212,167
Current discount rate	7.25%	\$ 659,708
1% increase	8.25%	\$ 195,428

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, 2020, the City contributed \$15,954 and Plan members contributed \$33,012 to the Plan.

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

6. Post-Employment Benefits

Summary of Significant Accounting Policies OPEB

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

General Information about the OPEB Plan

Eligible employees of the City are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

6. Post-Employment Benefits (continued)

subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid. Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

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

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit.

Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the City were \$8,154 for the year ended December 31, 2020.

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

At December 31, 2020, the City reported a liability of \$77,669 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

6. Post-Employment Benefits (continued)

an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019.

The City's proportion of the net OPEB liability was based on the City's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF. At December 31, 2019, the City's proportion was 0.007 percent.

For the year ended December 31, 2020, the City recognized OPEB expense of \$9,067. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 258	\$ 13,051
Changes of assumptions or other inputs	644	-
Net difference between projected and actual earnings on OPEB plan investments		1,296
Changes in proportion	19,851	-
Contributions subsequent to the measurement date	8,154	-
Total	\$ 28,907	\$ 14,348

\$4,731 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31,	
2021	\$ 1,345
2022	1,345
2023	1,721
2024	1,228
2025	787
Thereafter	(21)

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

6. Post-Employment Benefits (continued)

Actuarial assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent for 2019, gradually decreasing to 4.5 percent in 2029
Medicare Part A premiums	3.5 percent for 2019 gradually increasing to 4.5 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

6. Post-Employment Benefits (continued)

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029	4.50%	4.50%

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

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

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

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

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

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

6. Post-Employment Benefits (continued)

Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the **obligations** for the HCTF:

Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.

The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The actuarial assumptions used in the December 31, 2018, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

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

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

6. Post-Employment Benefits (continued)

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. 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%	

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

Sensitivity of the City’s proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$75,824	\$77,669	\$79,801

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

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

6. Post-Employment Benefits (continued)

Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.

Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.

Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

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

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members.

Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

6. Post-Employment Benefits (continued)

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$87,820	\$77,669	\$68,987

Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

7. 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. \$673,966 in use tax credits were paid in 2020.

Claims and Judgements

The City participates in state and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At December 31, 2020, 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.

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

7. Commitments and Contingencies (continued)

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, 2020, the emergency reserve of \$537,286 was reported as restricted fund balance in the General Fund.

Operating Leases

On June 30, 2016, the City and the Douglas County Libraries (the “Library”), a library district formed in Douglas County pursuant to the provisions of C.R.S. §§ 24-90-101 through 119, entered into a long-term lease agreement for the exclusive use of a 2,056 square foot portion of the Library Building designated as Suite B, expiring on June 30, 2026. The City pays annual rent of \$12 per year under this agreement in addition to a share of Common Area Maintenance expenses. The City made total payments under this lease of \$37,001 during the year ended December 31, 2020.

The Company also leases copier equipment under an operating lease that expires February 18, 2023. Rent expense under this lease totaled \$3,507 during 2020.

At December 31, 2020, the minimum lease payments under the terms of all lease agreements were as follows:

2021	3,542
2022	3,542
2023	600
2024	12
2025-2026	24

City of Castle Pines, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Risks and Uncertainties

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

City of Castle Pines, Colorado

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, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 5,793,600	\$ 6,461,000	\$ 6,689,690	\$ 228,690
Franchise fees	522,600	522,600	480,371	(42,229)
Licenses and permits	37,400	158,400	171,026	12,626
Intergovernmental	1,327,100	1,707,500	1,634,159	(73,341)
Charges for services	3,715,800	5,090,300	5,147,579	57,279
Fines and forfeitures	260,700	260,700	96,084	(164,616)
Interest income	55,000	55,000	163,537	108,537
Other income	-	-	19,801	19,801
Total Revenues	<u>11,712,200</u>	<u>14,255,500</u>	<u>14,402,247</u>	<u>146,747</u>
Expenditures				
City council	80,300	80,300	62,490	17,810
City manager	179,800	179,800	178,234	1,566
General operations	401,900	782,300	879,133	(96,833)
Legal services	146,700	120,000	175,757	(55,757)
Finance	258,900	268,400	265,778	2,622
City clerk	143,300	143,300	147,778	(4,478)
Municipal court	41,300	41,300	36,933	4,367
Public safety	1,062,500	1,053,000	1,030,368	22,632
Public works	3,738,700	5,042,200	5,051,931	(9,731)
Community development	1,635,500	1,904,200	1,921,179	(16,979)
Economic development	95,900	763,300	763,577	(277)
City Events	<u>201,800</u>	<u>201,800</u>	<u>83,190</u>	<u>118,610</u>
Total Expenditures	<u>7,986,600</u>	<u>10,579,900</u>	<u>10,596,348</u>	<u>(16,448)</u>
Excess Of Revenues Over (Under) Expenditures	3,725,600	3,675,600	3,805,899	(130,299)
Other Financial Sources (Uses)				
Operating Transfers (Out)	<u>(4,596,600)</u>	<u>(6,756,700)</u>	<u>(4,157,000)</u>	<u>2,599,700</u>
Net Change in Fund Balance	(871,000)	(3,081,100)	(351,101)	2,729,999
Fund Balance, Beginning of Year	<u>2,860,900</u>	<u>5,249,408</u>	<u>5,249,408</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,989,900</u>	<u>\$ 2,168,308</u>	<u>\$ 4,898,307</u>	<u>\$ 2,729,999</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, 2020

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

Colorado PERA - Pension

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

Colorado PERA - OPEB

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

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%
12/31/2018	64,635	64,635	-	471,789	13.7%
12/31/2019	85,121	85,121	-	621,321	13.7%
12/31/2020	109,514	109,514	-	778,311	14.1%

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenues	\$ 94,000	\$ 94,000	\$ 3,422,223	\$ 3,328,223
Expenditures				
Public works	-	-	68,619	(68,619)
Capital outlay	5,827,000	7,611,700	5,962,152	1,649,548
Total Expenditures	5,827,000	7,611,700	6,030,771	1,580,929
Excess Of Revenues Over (Under) Expenditures	(5,733,000)	(7,517,700)	(2,608,548)	4,909,152
Other Financial Sources (Uses)				
Operating Transfers In	4,400,000	6,560,100	4,000,000	(2,560,100)
Total Transfers	4,400,000	6,560,100	4,000,000	(2,560,100)
Net Change in Fund Balance	(1,333,000)	(957,600)	1,391,452	2,349,052
Fund Balance, Beginning of Year	1,454,900	1,079,500	1,079,529	29
Fund Balance, End of Year	<u>\$ 121,900</u>	<u>\$ 121,900</u>	<u>\$ 2,470,981</u>	<u>\$ 2,349,081</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, 2020

	<u>Parks & Recreation Fund</u>	<u>Conservation Trust Fund</u>	<u>TOTALS</u>
Assets			
Cash and cash equivalents	\$ 559,462	\$ 387,442	\$ 946,904
Total assets	<u>559,462</u>	<u>387,442</u>	<u>946,904</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	<u>54,056</u>	<u>-</u>	<u>54,056</u>
Total Liabilities	<u>54,056</u>	<u>-</u>	<u>54,056</u>
Fund Balances			
Restricted	503,752	387,442	891,194
Assigned	<u>1,654</u>	<u>-</u>	<u>1,654</u>
Total Fund Balances	<u>505,406</u>	<u>387,442</u>	<u>892,848</u>
Total Liabilities and Fund Balances	<u>\$ 559,462</u>	<u>\$ 387,442</u>	<u>\$ 946,904</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, 2020

	Parks & Recreation Fund	Conservation Trust Fund	TOTALS
Revenues			
Charges for services	\$ 13,470	\$ -	\$ 13,470
Intergovernmental	-	57,842	57,842
Other	<u>13,738</u>	<u>-</u>	<u>13,738</u>
Total Revenue	27,208	57,842	85,050
Expenditures			
Parks and Recreation	369,048	-	369,048
Capital Outlay	<u>46,023</u>	<u>-</u>	<u>46,023</u>
Total Expenditures	<u>415,071</u>	<u>-</u>	<u>415,071</u>
Transfers	<u>257,000</u>	<u>(100,000)</u>	<u>157,000</u>
Net change in fund balance	<u>(130,863)</u>	<u>(42,158)</u>	<u>(173,021)</u>
Fund Balances			
Beginning of the year	<u>636,269</u>	<u>429,600</u>	<u>1,065,869</u>
End of the year	<u>\$ 505,406</u>	<u>\$ 387,442</u>	<u>\$ 892,848</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, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Charges for services				
Park Fees	\$ 20,500	\$ 20,500	\$ 13,470	\$ (7,030)
Other	-	-	13,738	13,738
Total Revenues	<u>\$ 20,500</u>	<u>\$ 20,500</u>	<u>\$ 27,208</u>	<u>\$ 6,708</u>
Expenditures				
Salary and Benefits	109,100	109,100	119,550	(10,450)
Education and Training	1,000	1,000	-	1,000
Professional Services	11,000	11,000	8,183	2,817
Parks Facilities Maintenance	47,000	47,000	22,202	24,798
Water Feature O&M	32,000	32,000	19,297	12,703
Landscape Maintenance	56,000	56,000	58,021	(2,021)
Custodian Services	4,000	4,000	7,642	(3,642)
Parks Utilities	40,000	40,000	34,153	5,847
Insurance	12,500	12,500	-	12,500
City Events	12,000	12,000	-	12,000
Fleet Expense	2,000	2,000	-	2,000
Rueter-Hess Contribution	-	100,000	100,000	-
Capital Outlay	-	15,000	46,023	(31,023)
Total Expenditures	<u>326,600</u>	<u>441,600</u>	<u>415,071</u>	<u>26,529</u>
Excess Of Revenues Over				
(Under) Expenditures	(306,100)	(421,100)	(387,863)	33,237
Other Financial Sources				
Operating Transfers	<u>196,600</u>	<u>311,600</u>	<u>257,000</u>	<u>(54,600)</u>
Net Change in Fund Balance	(109,500)	(109,500)	(130,863)	(21,363)
Fund Balance, Beginning of Year	<u>734,400</u>	<u>636,300</u>	<u>636,269</u>	<u>(31)</u>
Fund Balance, End of Year	<u>\$ 624,900</u>	<u>\$ 526,800</u>	<u>\$ 505,406</u>	<u>\$ (21,394)</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, 2020

	<u>Budget</u> <u>Original and Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues			
Intergovernmental Revenue			
State Lottery Disbursement	\$ 69,400	\$ 57,842	\$ (11,558)
 Total Revenues	<u>69,400</u>	<u>57,842</u>	<u>(11,558)</u>
 Excess Of Revenues Over (Under) Expenditures	 69,400	 57,842	 (11,558)
 Other Financial Sources (Uses)			
Operating Transfers (Out)	<u>(115,000)</u>	<u>(100,000)</u>	<u>15,000</u>
 Net Change in Fund Balance	 (45,600)	 (42,158)	 3,442
 Fund Balance, Beginning of Year	 <u>429,600</u>	 <u>429,600</u>	 <u>-</u>
 Fund Balance, End of Year	 <u>\$ 384,000</u>	 <u>\$ 387,442</u>	 <u>\$ 3,442</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 2020
This Information From The Records Of (example - City of _ or County of City of Castle Pines	Prepared By: Phone:	Mike Farina 303-705-0210

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	5,650,064
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	450,180
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	6,510
2. General fund appropriations	5,514,399	b. Snow and ice removal	441,784
3. Other local imposts (from page 2)	808,924	c. Other	
4. Miscellaneous local receipts (from page 2)	96,084	d. Total (a. through c.)	448,294
5. Transfers from toll facilities		4. General administration & miscellaneous	166,820
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	6,715,358
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)	6,419,407	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)		2. Notes:	
	295,951	a. Interest	
D. Receipts from Federal Government (from page 2)		b. Redemption	
	0	c. Total (a. + b.)	0
E. Total receipts (A.7 + B + C + D)		3. Total (1.c + 2.c)	0
	6,715,358	C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			6,715,358

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
0	6,715,358	6,715,358	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2020

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	463,563	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	96,084
1. Sales Taxes	224,314	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	121,047	g. Other Misc. Receipts	
6. Total (1. through 5.)	345,361	h. Other	
c. Total (a. + b.)	808,924	i. Total (a. through h.)	96,084
	(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	258,099	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	37,852	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.)	37,852	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	295,951	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		460,910	460,910
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		4,990,668	4,990,668
(4). System Enhancement & Operation		198,486	198,486
(5). Total Construction (1) + (2) + (3) + (4)	0	5,189,154	5,189,154
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	5,650,064	5,650,064
			(Carry forward to page 1)

Notes and Comments: