



## **STAFF REPORT**

**To:** Honorable Mayor and Members of Town Council

**From:** Trish Muller, Finance Director

**Title:** 2016 Third Quarter Financial Review, Period Ending September 30, 2016

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### **Discussion**

Financial reporting for the Town is a team effort between Finance, Department Managers and staff. This reporting process assists with the ongoing financial monitoring efforts for revenues and expenditures. This 2016 Third Quarter Financial Review is a snapshot of the first nine month's financial activity in comparison to the 2016 amended budget and to revised year-end estimates. As demonstrated by the following information, departments are doing an excellent job managing budgets.

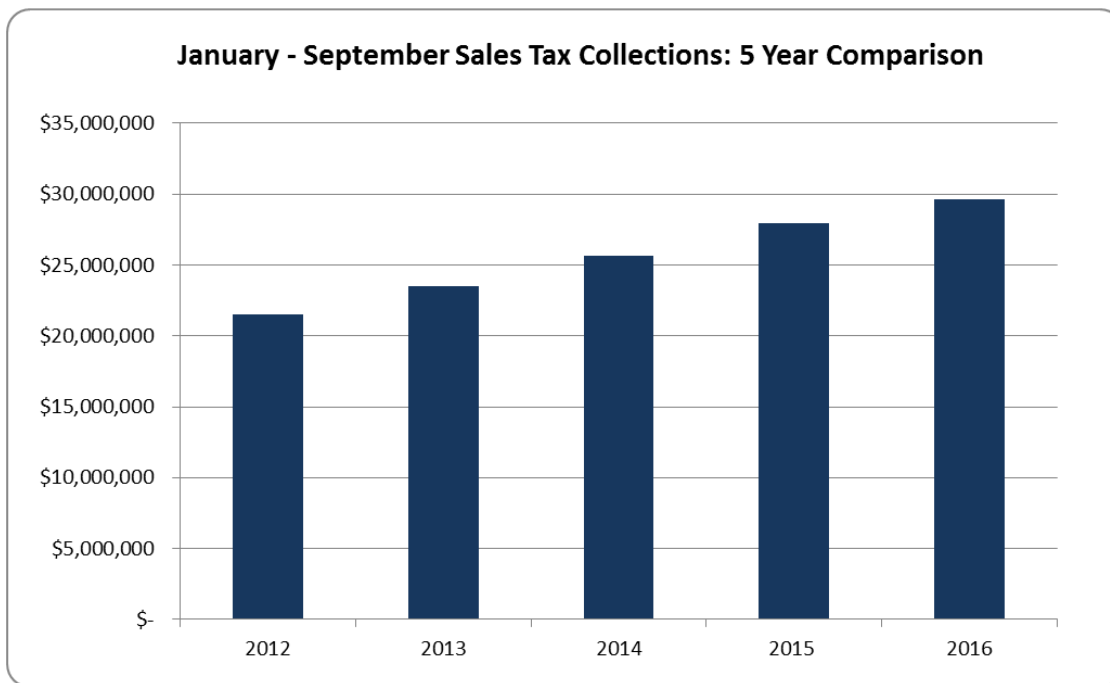
The funds most affected by growth revenues associated with increased development are transportation, capital funds, utility funds, the Economic Development Fund and the Development Services Enterprise Fund. Total single family permits are estimated at 720 for 2016 and multifamily is estimated at 380 new permits. Through the end of September the Town has issued 572 single family permits and 336 multifamily. In addition, 66 new commercial permits have been issued through the third quarter. Growth related revenues are monitored closely by the Finance Department and revenue budgets may be revised as the year continues.

Current revenue estimates indicate that the Town will not have a Taxpayer Bill of Rights (TABOR) surplus for 2016. Staff will continue to monitor changes in significant revenues such as sales tax through the end of the year and will reevaluate TABOR calculations in 2017.

### **Financial Impact**

#### **Sales Tax:**

Sales tax revenue in this report reflects actual receipts through August and is estimated for the month of September using the August year-to-date increase over 2015 of 6.5%. Sales tax, which is collected at the 4% rate, is estimated to end the year approximately 5% over the 2016 Budget and is trending nearly \$2 million higher than the same period in 2015. The chart below illustrates a comparison of activity for the past five years through the third quarter of the year. Please refer to Attachment B for Sales Tax collection information by categories and geographical areas.



### *Program Statistics*

**Business Licenses:** Variances in the number of licenses are seasonal and tend to be higher during the holiday season and summer. As of the end of September 2016, licenses total 3,881 (1,867 in Town).

**Business Reporting Sales Tax:** Businesses can report sales tax on a monthly, quarterly, or annual basis depending on the business type and dollar amount of the remittance. The filing type depends on the amount of tax collected over a monthly period as shown below:

<u>Monthly tax liability</u>	<u>Sales Tax payment frequency</u>
>\$300	Monthly
<\$300	Quarterly
<\$ 10	Annually

**Delinquency:** The Sales Tax Division manages business accounts through a proactive renewal process and active management of account delinquencies. On a monthly basis, there are currently approximately 10 out of the 3,881 licenses, or about 1%, of businesses with some level of default. The average delinquency rate in Front Range communities is between 3% and 6%.

**Delinquency Amount:** The delinquent amount currently owed to the Town on a monthly basis is about \$57,000. It is important to note that this amount changes monthly with seasonality occurring during the holiday and summer seasons.

**Delinquency Collection Revenue:** The Town collected \$129,850 from delinquent accounts during the third quarter of 2016, compared to \$235,999 through the same period in 2015.

**Sales Tax Audits:** On average, there are 33 audits in process per month. In total, there were 43 active audits in process in the third quarter 2016. The Sales Tax Division billed

7 audits in the third quarter. The third quarter of 2016 resulted in \$16,938 in audit revenue.

**New Businesses:** The Town processed 187 new business licenses in the third quarter of 2016, which includes home based, in town and out of town businesses.

**Business Terminations:** There were 37 business terminations in the third quarter of 2016, including home based, in town and out of town businesses.

**Permanent Default:** There are certain accounts considered uncollectible that will likely be written off; the average of these is around \$5,000 per year.

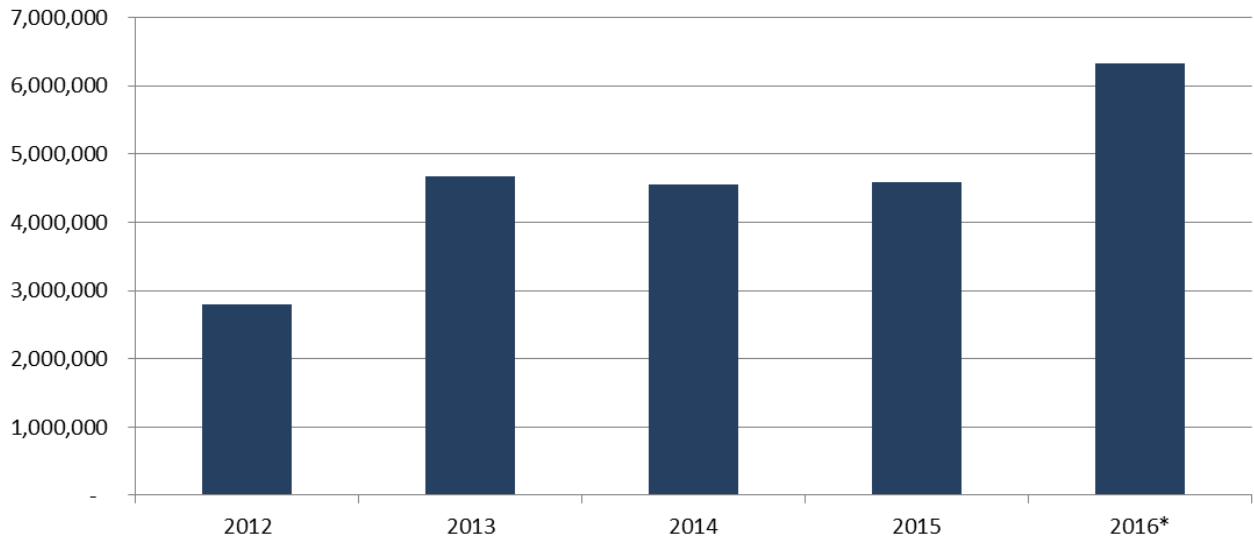
### **Impact Fees, System Development Fees, and Building Use Tax:**

Budget amounts for growth related revenues, such as impact fees, building use tax, and system development fees, are based upon the expected number of single family, commercial, and other development permits issued. The table to the right shows new home permit issuance by year for the past five years. The 2016 Budget was based on growth related revenues associated with 700 single family permits and 316 multi-family units. Year-end estimates currently project building permit estimates to be about 3% higher than budgeted with estimates at 720 single family permits and 380 multi-family units. Finance will continue to monitor the number of building permits issued to determine ongoing capacity for growth related capital improvement projects.

Impact fees, system development fees, and use tax collections are about 30% higher in 2016 than the same period in 2015 with year-end estimates projected to be 15% over the 2016 Budget. Year-to-date, the Town has issued 572 single family permits and 336 multifamily. In addition, commercial growth has also been significant with a total of 66 new commercial permits issued through September, as compared to 29 for the same period in 2015. The following charts reflect 2016 activity for impact fee and building use tax revenues over the past five years. Impact fee and building use tax revenue has risen compared to last year due to increased development activity through the third quarter.

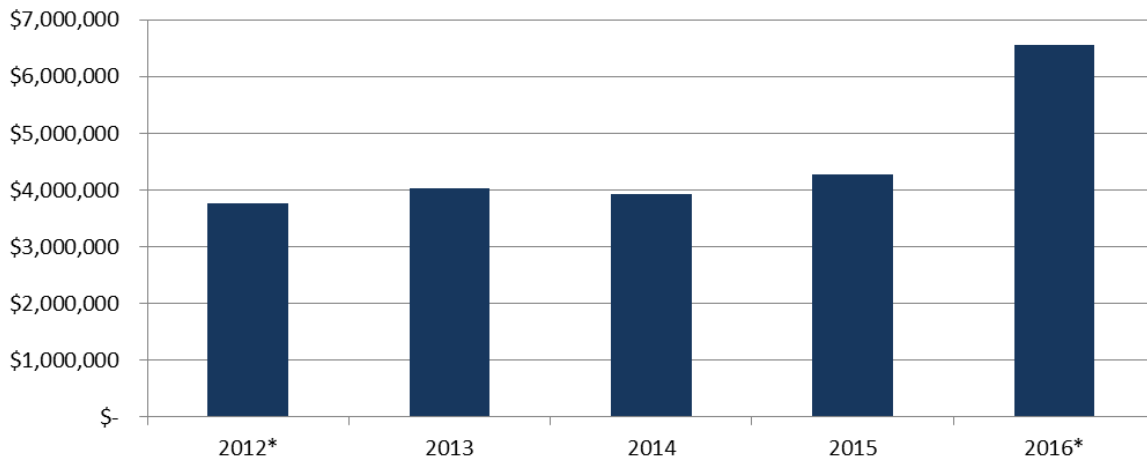
Quarter	2012	2013	2014	2015	2016
January - March	100	177	196	180	205
April - June	130	263	235	277	240
July - September	178	220	191	184	127
October - December	124	166	183	153	
<b>Total Single Family</b>	<b>532</b>	<b>826</b>	<b>805</b>	<b>794</b>	<b>572</b>
<b>Total Multi Family</b>	<b>-</b>	<b>90</b>	<b>-</b>	<b>83</b>	<b>336</b>

### January - September Total Impact Fee Revenue: 5 Year Comparison



\* Impact fees collected in April 2016 included the Promenade Ledges project, consisting of 316 units

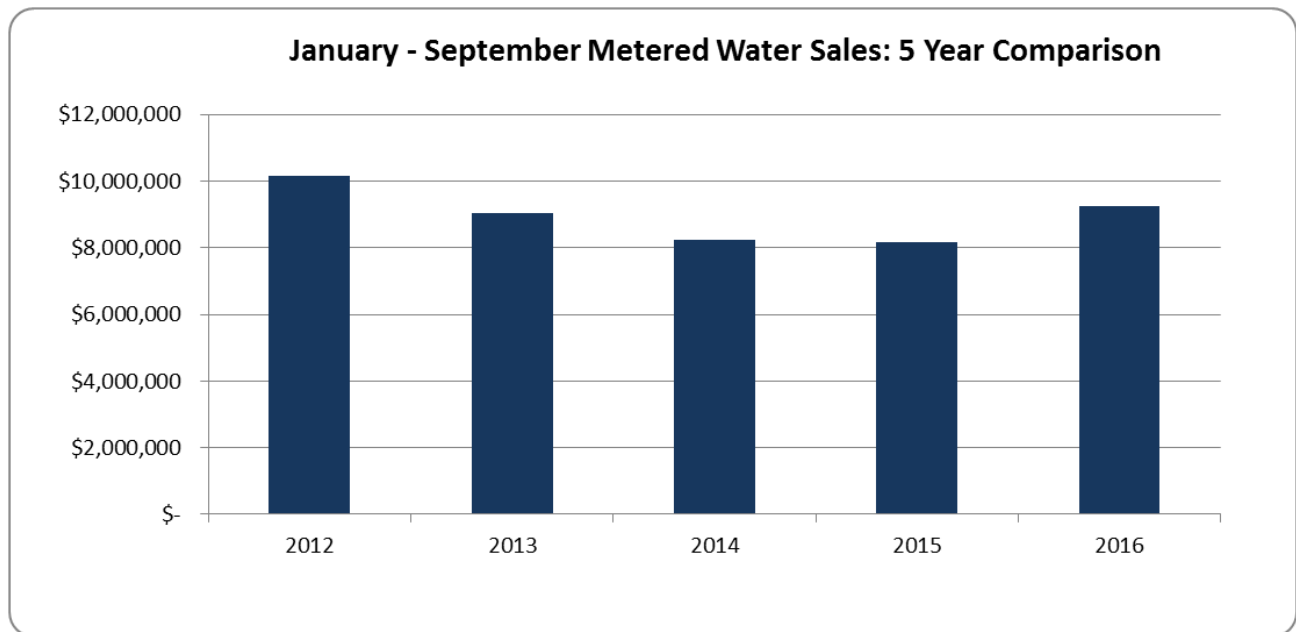
### January - September Building Use Tax Revenue: 5 Year Comparison



\*Use Tax in April 2016 included use tax associated with the Promenade Ledges project, consisting of 316 units

### Metered Water Charges:

Metered water collections through the third quarter are approximately 13% higher than the same period in 2015 and are estimated to be at the 2016 Budget by year-end. Metered water sales revenue has increased in the third quarter as compared to the second quarter due to drier conditions and warmer temperatures. Metered water sales are typically highly seasonal, with the majority of the revenue received during the spring and summer months. As a result, the year-to-date budget has been adjusted for seasonality, based on historical trends.



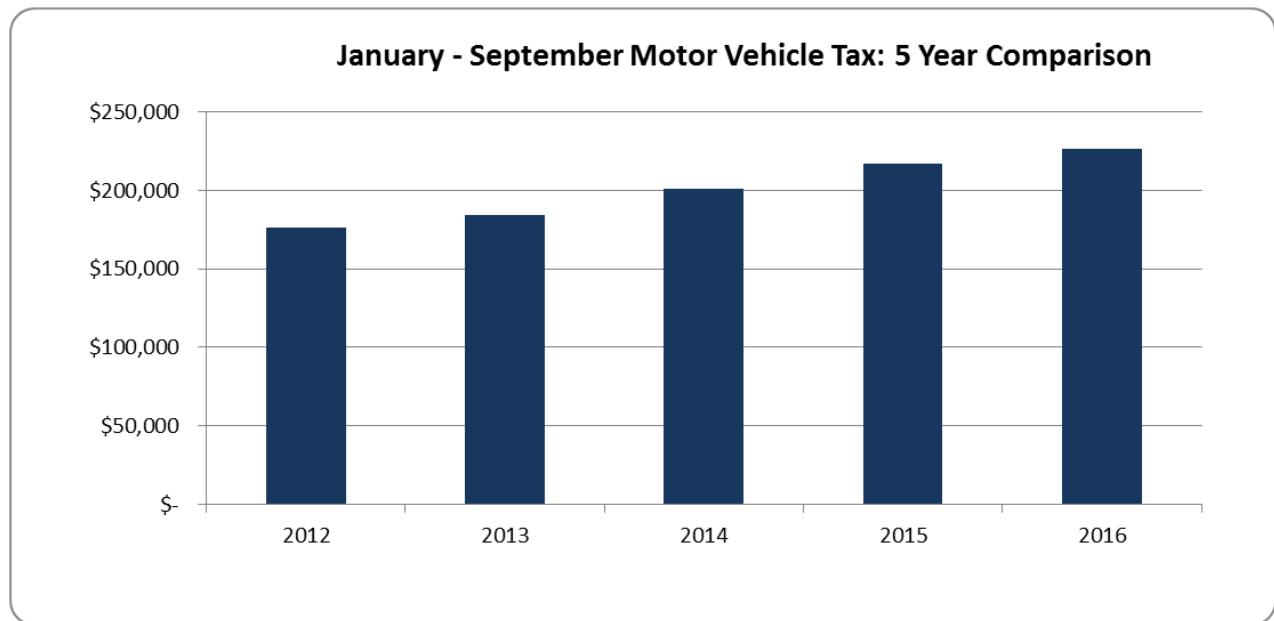
### **Franchise Fees:**

Franchise fees are revenues generated by utility companies providing services within the Town limits. This fee gives utility companies access to public streets and right-of-ways enabling them to supply and maintain services to citizens. Through the third quarter Franchise Fee revenue is about \$25k, or 2% lower than 2015. Year-end estimates for Franchise Fee revenue are anticipated to be approximately 3%, or almost \$68k under the amended budget. Franchise Fee revenue is driven by the number of subscribers for the respective utility, including cable, electricity and natural gas.

### **Motor Vehicle and Specific Ownership Tax:**

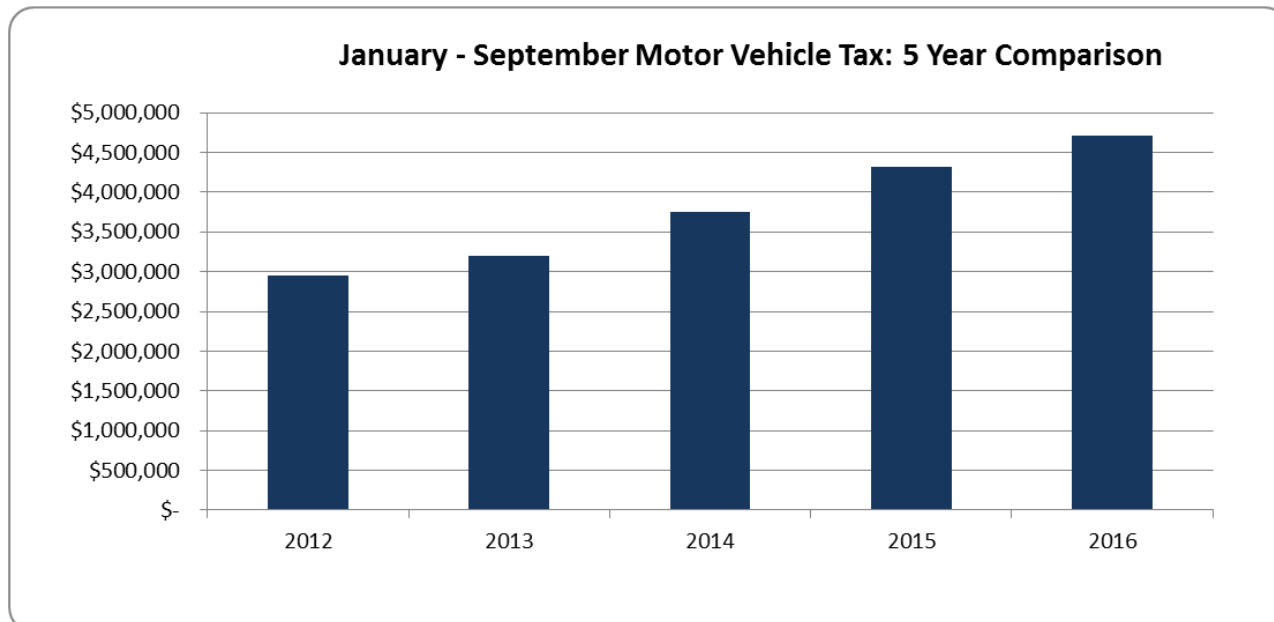
Motor Vehicle Taxes are sales tax paid on the purchase price of a vehicle by Town residents. Douglas County collects the tax through the licensing process and remits the Town's share on a monthly basis. Through the third quarter Motor Vehicle Taxes are roughly 9% higher than the same period last year and projected to end the year at approximately 10% over the 2016 Budget amount. The following chart shows Motor Vehicle Tax revenue received over the past five years.

Specific Ownership Tax is levied on all motor vehicles, wheeled trailers, semi-trailers, trailer coaches, mobile homes and self-propelled construction equipment. Tax schedules are established by the State based on age and type of vehicle. Revenues are allocated to each city based on actual pro rata share of dollar value of registration. Taxes are collected by the Douglas County Treasurer (1 month lag) (42-3-104, C.R.S.) Specific ownership tax collections are approximately 4% higher when compared to the same period in 2015 and estimated to be about 5% over the 2016 Budget. The chart that follows demonstrates annual Specific Ownership Tax revenues over the past five years.

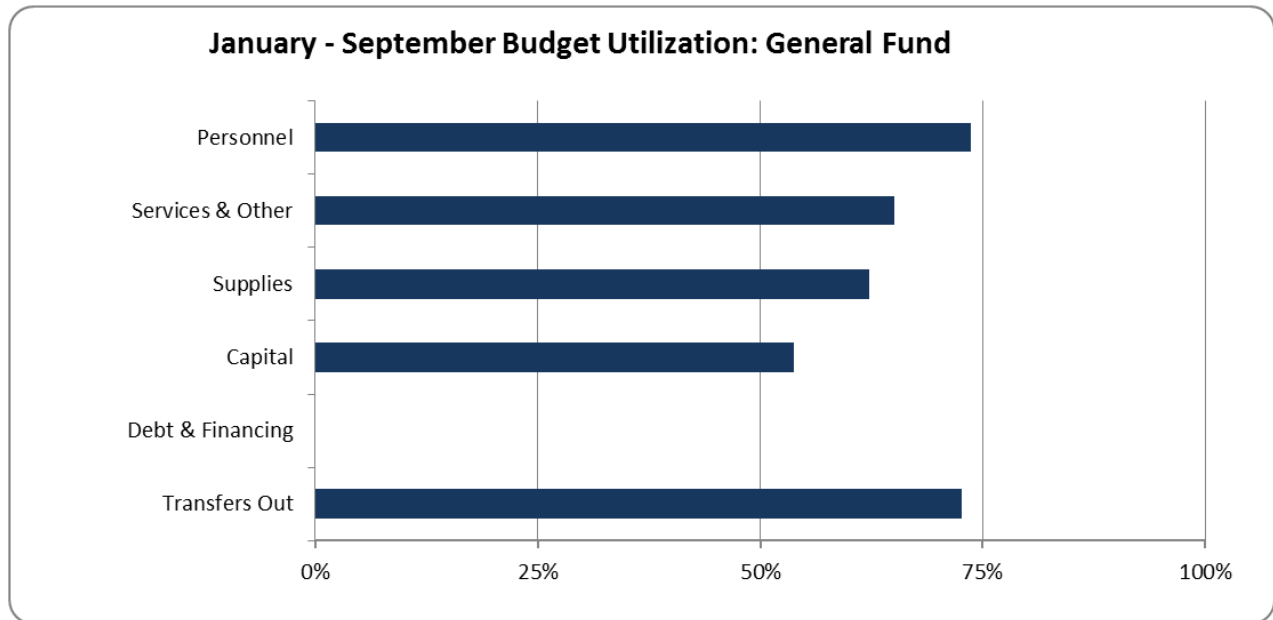


### General Fund:

The third quarter data for 2016 reflects total General Fund revenue at the year-to-date budget and is estimated to end 2016 over budget by about 3%. Expenditures in the General Fund are approximately 3% under the year-to-date budget generally due to position vacancies in a number of departments as well as fuel savings. The General Fund is estimated to end the year approximately 2% under the 2016 Amended Budget.



The following graph identifies the percent of budget categories that have been expended through the second quarter. Please refer to Schedule A for additional information.



A summary is provided below pertaining to General Fund Departments (Please refer to Schedule A for more information):

#### Town Council

The Town Council Division is 5% under the year-to-date budget for 2016 through the third quarter. Year-end estimates indicate that the division will end the year under budget by about 6%.

#### Town Manager

The Town Manager Division is under budget through September by 5%. The division is expected to be approximately 5% under budget at year-end.

#### Deputy Town Manager

The Deputy Town Manager Division is over budget by 4% through September. The overage is due to special event costs for the Season of the Star event in January, prior to the creation of the Special Events Fund. Current year-end estimates reflect that the division will end the year within budgeted expenditures.

#### Human Resources

The Human Resources Division is 1% over the year-to-date budget, primarily due to higher than anticipated software costs and the employee recognition program. Current year-end estimates indicate the division will likely finish the year over budget by almost 5%. This is due to increased costs from the employee recognition program for special Town projects like the North Meadows extension, Philip S. Miller Park, and body-worn cameras for Police. Human Resources is currently researching a new Human Resources Information System software. Staff will monitor this request, including estimated costs, to determine if any additional action may be required. Any overage in this division will be offset by savings in other General Fund areas.

### Community Relations

The Community Relations Division is under budget by more than 8% through September, primarily due to savings in overall supplies. Current year-end estimates indicate the division will finish the year within budgeted expenditures.

### Information Technology

The Division of Information and Technology is under budget by more than 17% through September, primarily due to personnel vacancy savings and timing of software agreement payments. Current year-end estimates indicate the division will finish the year about 7% under budget.

### Facilities

The Facilities Division is under budget by more than 8% through September, this is primarily due to lower than expected building repair and maintenance costs and personnel vacancy savings. Current year-end estimates indicate the division will finish the year about 2% under budget.

### Town Attorney

The Town Attorney's Office is under the year-to-date budget by about 19%. Savings are occurring in the Services & Other category due to lower than expected legal and prosecution service costs through the end of the third quarter. Current year-end estimates indicate the division will end the year under the amended budget by about 7%.

### Town Clerk

The Town Clerk's Office is under the year-to-date budget by about 22% through the third quarter. A large portion of this is due to the timing of election expenditures paid to Douglas County. Year-end estimates reflect that the division will be under budget by approximately 7%.

### Municipal Court

The Municipal Court Division is under the year-to-date budget by about 16%. Savings are anticipated in personnel, largely due to decreased need for part time hours as a result of a decrease in ticket volume in 2016. Year-end estimates indicate that the Municipal Court Division will be under budget by about 10% at the end of 2016.

### Finance

The Finance Department is under budget by about 9% through the end of the third quarter. The majority of savings in Finance are due to partial year position vacancies for a Sales Tax Auditor and a Payroll Technician, which have now been filled. The Finance Department expects to come in under the amended budget by approximately 3% at the end of the year.

### Police

The Police Department is under budget by about 4% through the third quarter. Current year-end estimates indicate this department will be 1% under the amended budget by the end of 2016. Savings are related to personnel vacancies that have occurred throughout the year as well as anticipated fuel cost savings. Accomplishments including the completion of the Police Department lower level renovation and planning



for the body-worn camera project occurred through the third quarter. After much planning and preparation, body-worn cameras were put into use in early October by officers in the Castle Rock Police Department.

#### Fire and Rescue

The Fire and Rescue Department is under budget by about 5% at the end of September. Year-end estimates indicate this department will be about 1% under the amended budget by the end of the year with expected personnel savings resulting from position vacancies that have occurred throughout the year. Throughout the year, staff time has been spent on planning efforts related to the new Crystal Valley fire station with construction expected to begin in 2017. The new fire station is expected to be in operation in 2018.

#### Development Services

The Development Services General Fund Division, which includes Planning and Zoning, is under budget by 15% for the first nine months of the year. This division is anticipated to be about 10% under budget at the end of the year due to personnel vacancy savings that have occurred throughout the year.

#### Parks and Recreation

The Parks and Recreation Division is under budget by 2% through September. Personnel savings are related to position vacancies through September. Current year-end estimates indicate the division will likely finish the year 2% under budget. Staff has spent time planning projects throughout the Town, including the Festival Park redevelopment project.

#### Non-Departmental

The Non-Departmental budget, under the responsibility of the Finance Department, is about 25% under the year-to-date budget. The Non-Departmental budget includes items that are generally not attributable to just one department. The year-end estimate indicates that this department will finish the year at about 2% under the 2016 Budget amount. In addition, a transfer of unobligated General Fund balance to the Parks Capital Fund in the amount of \$852,720 is included as part of the Council approved 7<sup>th</sup> Amendment to the 2016 Budget. These funds are intended to help fund additional costs for the renovation of Festival Park.

#### Downtown Projects

The Downtown Projects Division, which accounts for the remaining funds from the 2012-2014 DDA TIF collections, is about 13% under budget through the third quarter of the year. Costs in this area include design costs related to the Festival Park renovation project.

#### **Transportation Fund:**

Transportation Fund revenues are about 9% over the year-to-date budget through the third quarter. This is primarily due to higher than expected Sales Tax and Building Use tax revenue. The Transportation Fund is under the year-to-date expenditure budget by about 6%, which is primarily attributable to personnel and supplies savings. In order to account for the highly seasonal nature of capital project construction and the annual Pavement Maintenance Program, the year-to-date budget has been adjusted based on

historical trending. At year-end, Transportation Fund expenditures are expected to be about 1% under budget.

### **Capital Funds:**

Capital projects within these funds are generally paid for from impact fees and interest earnings. All impact fee revenues in Capital Funds show total revenue collections higher as compared to budgets through the third quarter due to increased development. As discussed previously, new home permits were budgeted at a total of 700 for 2016 and 316 multi-family and are estimated to end 2016 at 720 single family and 380 multifamily. There were 572 single family permits and multi-family permits with 336 units issued through the end of September. In addition, a total of 66 new commercial permits were issued through September.

#### Parks and Recreation Capital Fund

The Parks and Recreation Capital Fund is 12% over the year-to-date revenue budget through September due to increased impact fee revenue. Current year-end estimates indicate this fund will likely be 32% under budget due to the timing of the Festival Park construction set to begin in early 2017 and continue throughout the remainder of the year. The Festival Park renovation project is expected to begin in early 2017 and continue through most of the year. Four bids were received in September 2016 with Mortensen Construction providing the lowest bid, which is higher than the amount previously planned for construction. An additional \$1,891,052 was requested to complete the project as designed. As a result, additional funding has been approved by Council as part of a 7<sup>th</sup> budget amendment to the 2016 Budget to accommodate these increased costs. Funding includes a loan from the General Fund to be repaid with DDA TIF funds, a transfer from the General Fund, and an additional transfer from the DDA TIF. In the event that expenditures related to Festival Park are not fully expended by the end of the year, remaining funds will be requested to be carried forward into 2017 for the completion of the project. Please refer to Schedule C for more information.

#### Municipal Facilities Capital Fund

Revenues in this fund are more than 12% over the year-to-date budget through September. This increase is largely due to increased impact fee revenue. This fund is less than 1% under budgeted expenditures through September and year-end estimates show the fund will finish the year 2% under budget. Please refer to Schedule D for more information.

#### Fire Capital Fund

The revenue in the Fire Capital Fund is 23% over the current year-to-date budget due to increased development activity through September. Expenditures in 2016 include costs related to the architectural design of the Crystal Valley Fire Station and lease costs for the current public safety training facility. Expenditures are slightly over the third quarter budget related to increased lease costs experienced this year. Year-end estimates indicate this fund will be right at the amended budget. Planning is taking place at this time regarding the location of the Public Safety Training Facility. The lease for the current training facility is expiring in May 2017 without an option to renew, so staff is researching options to accommodate this need in the future.

The Crystal Valley Fire Station project is expected to continue through the last quarter of 2016 and is anticipated to be open for service in 2018. In the event that expenditures related to the planning and design of the Crystal Valley Fire Station are not fully expended by the end of the year, remaining funds will be requested to be carried forward into 2017 for the completion of that portion of the project. Please refer to Schedule E for more information.

#### Police Capital Fund

Revenues in this fund are 13% over the 2016 year-to-date budget due to increased impact fee revenue. The Police Capital Fund is right at the expected third quarter budget amount. A large percentage of the remaining budget is attributable to the Transfers Out category related to transfers to the Fleet Fund for vehicles associated with the new positions hired in the third quarter of the year. These vehicle costs will be reflected in the Police Capital Fund in the fourth quarter of the year. In the first half of 2016, the Police Department finished the remodel of the lower level to accommodate space needs within the department. This fund is projected to end the year right at the amended budget. Please refer to Schedule F for more information.

#### Transportation Capital Projects Fund

The Transportation Capital Projects Fund is intended to fund growth related transportation capital projects. Revenues in this fund, which include Impact Fees and Building Use Tax, are approximately 20% over the year-to-date budget. This is primarily due to growth in building permit issuance, thus increased impact fee and building use tax revenue. The 2016 expenditure budget in this fund includes multiple projects, the largest of which is the North Meadows Extension, with a 2016 amended budget of \$14.5 million. \$4.9 million has been expended on the North Meadows Extension Project through September. With the road opened to the public in August 2016, remaining funds will likely be expended by year-end in order to complete punch list items. Additional expenses in this fund include improvements to Plum Creek Parkway at Wilcox and Perry Streets at a cost of approximately \$3 million, \$400k for improvements to Highway 86 and Allen Way and \$650k for improvements at Highway 86 and Crowfoot Valley Road. A portion of these projects amounts will likely be requested to be carried forward to 2017 in order to fund design and right of way acquisition. Please refer to Schedule G for more information.

#### General Long Term Planning Fund

Revenue for this fund primarily consists of Building Use Tax, which is trending higher than the year-to-date revenue budget by more than 27% due to increased Town-wide development. Overall revenue is estimated to be more than 4% over the amended budget due to this development. Budgeted expenditures in 2016 include general facility improvements as well as Information System projects. Current year-end estimates show the fund will likely finish the year within budgeted expenditures. In the event that the project expenditures are not fully expended by the end of the year, remaining funds will be requested to be carried forward into 2017 for the completion of capital projects. Please refer to Schedule H for more information.

#### **Utility Funds:**

Both revenues and expenditures are highly seasonal for the utility funds as the majority of the revenue in the Water fund is related to water demand, which is greater in warmer

months, and the majority of the budgeted expenditures in these funds are associated with capital construction projects that are also dependent upon weather.

Revenue in all four Utility funds is trending high as compared to the 2016 year-to-date budget by approximately 3%. This is primarily attributable to System Development Fees collected on single-family, multifamily and commercial building permits. System Development Fee revenue is about 19% over the year-to-date budget. The year-to-date budget for metered water sales has been adjusted for seasonality in this report and these revenues are about 3% under budget through the third quarter. Year-end estimates indicate that the Utilities funds will end 2016 approximately 3% over the revenue budget.

Total expenditures for all four Utilities funds are approximately 41% under the year-to-date budget. This is largely due to the timing of significant capital project expenditures anticipated to be complete by the end of the year. As a result, capital year-to-date budgets have been adjusted for seasonality based on historical trending. Operating expenditures with capital excluded are approximately 16% under the year-to-date budget. A large portion of capital expenditures in the Utilities funds are due to significant investment in long-term renewable water projects. Approximately \$72 million dollars is estimated to be spent on water rights acquisitions and infrastructure to bring additional renewable water to Castle Rock, which includes about \$40 million incorporated in the 4<sup>th</sup> amendment to the 2016 Budget. In addition, \$21 million has been requested as part of an 8<sup>th</sup> amendment to the 2016 Budget to accommodate the purchase of infrastructure and water rights. These initiatives will help the Town reach the goal of providing 75% renewable water to the community.

Total Utilities expenditures are currently estimated to finish 2016 approximately 7% under budget. Unspent capital project amounts will likely be requested for carry forward in 2017 in order to achieve project completion. Please refer to Schedules I-L for more information.

### **Golf Course Fund:**

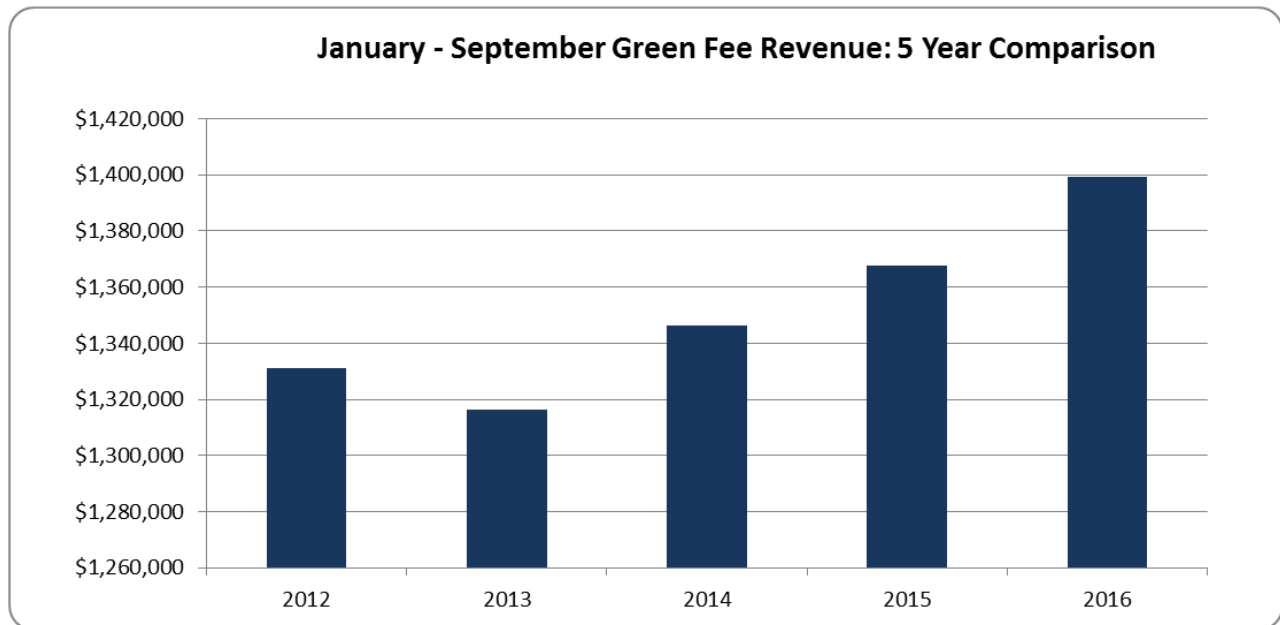
The presentation of information in the attached financial statements has been adjusted to reflect a more accurate, seasonally adjusted, year-to-date budget for the Golf Fund. Year-to-date budgets for Charges for Service revenue and operational expenditures, including personnel, services and supplies have been adjusted based on actual performance during the first nine months of the year from 2012 - 2015.

Revenues through September are less than 1% under the seasonally adjusted budget. Charges for service revenue was affected by adverse weather that occurred in the spring months, thereby reducing the number of days that Red Hawk Ridge could be open for play. Comparing revenue received in the first nine months of prior years is helpful to understand the context of how the Golf Course is performing in 2016. When compared to 2015, current charges for service revenue is greater by \$45k through September; and when compared to 2014 is almost \$116k higher.

A total of 31,382 rounds have been played through September which remains on track with 2015. The total revenue earned per player is \$80.77, which is a \$1.28/per player increase of more than 1% from last year. Expenditures are a little more than 6% under

the adjusted year-to-date budget being expended due to timing of capital projects and supply purchases. At this time, the Golf Course Fund is projected to end the year within 3% of the annual budget.

The chart on that follows demonstrates a five year comparison of green fee revenue for the Golf Course Fund for the first nine months of the year. For more information on the third quarter financial performance of the Golf Course Fund, please refer to Schedule M.



### **Community Center Fund:**

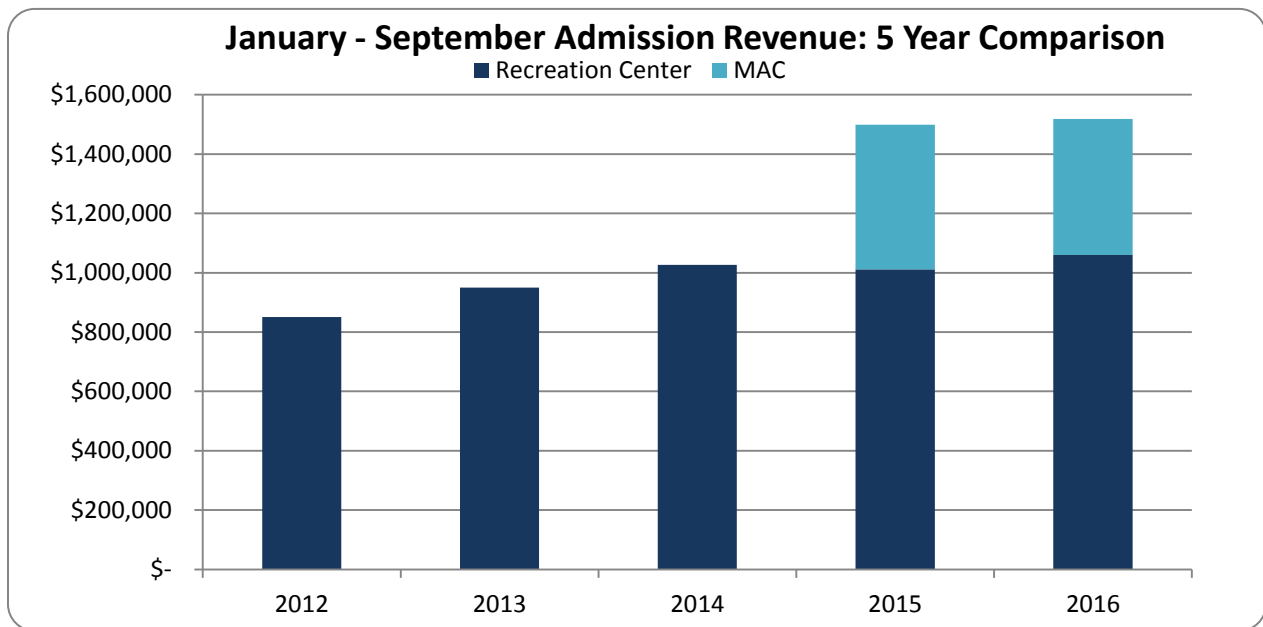
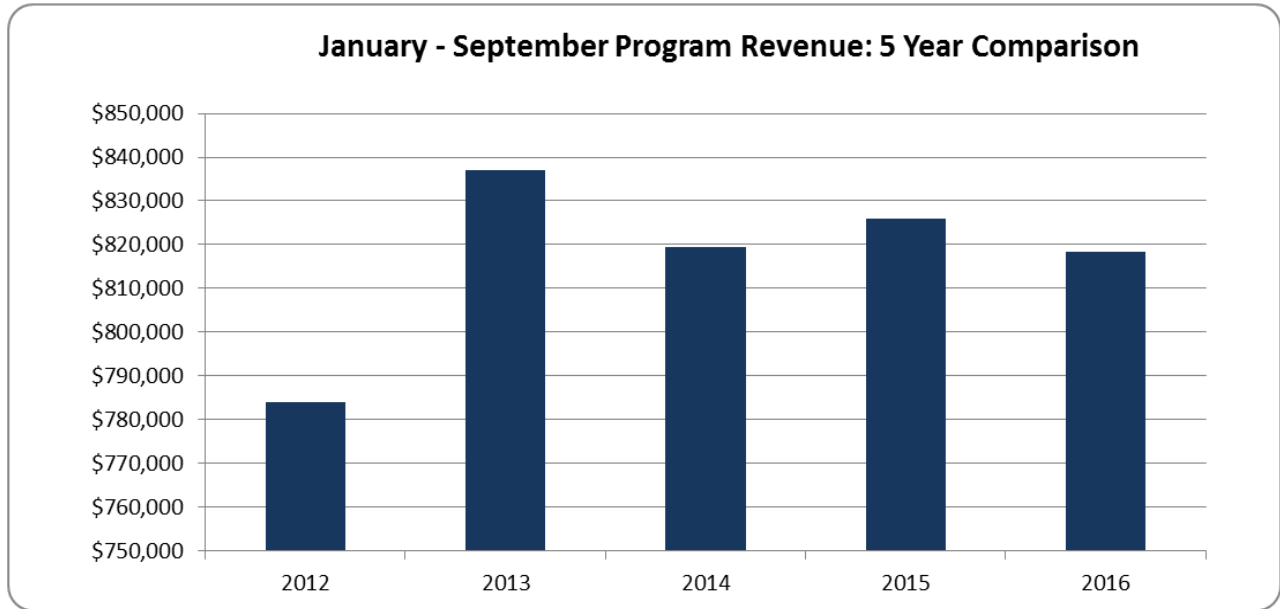
The Community Center Fund includes operations of both the Recreation Center and the Miller Activity Complex (MAC). The presentation of information in the attached financial statements (Schedule N) represents seasonally adjusted budget information for revenue and expenditure categories. These items are adjusted based on actual data from 2010–2015 in order to provide more accurate information.

Charges for services in the Community Center Fund including admissions, concessions, facility rentals, child care programs, and adult/youth recreational programs. These revenues are trending high and will likely finish the year within budget. Comparing revenue received in prior years is helpful to understand the context of how the Community Center Fund is performing through September. Total revenue collections through September are greater than 2015 by 3%, or \$159k, primarily due to increased sales tax revenues.

Expenditures for 2016 through September are over budget by 4%, which is primarily related to timing of capital projects completed during the first part of the year and increased personnel costs. Visits to the MAC through September totaled 79,805 which represents an increase of more than 8% from the same period in 2015. Visits to the Recreation Center through September totaled 227,126 which is about 1% less than the total patrons in 2015. The minor decline in visits to the Recreation Center is likely due to several concurrent projects and mitigating factors, such as the extended elevator maintenance/shutdown, damaged racquetball court/shutdown, and an extended

basketball floor repair. Currently, the Community Center Fund is projected to be about 1% under budget for 2016. Please note that year-end estimates for 2016, as shown in Schedule N, are based on actual data through September.

The following charts illustrate programs and punch card revenue as compared to the first nine months of the past five years for Community Center Fund, including the MAC.



### Development Services Fund:

Overall revenues received in the Development Services Enterprise Fund to date are almost 22% higher than the year-to-date budget. Year-end revenue estimates currently reflect ending the year about 21% over the 2016 Amended Budget, which is associated with increased commercial and multi-family development as well as increased roof repair inspections resulting from hail damage experienced during the summer. These

estimates reflect several developments including the Promenade Ledges and Mercantile Commons. Expenditures for the fund are under the amended budget by approximately 6% through the third quarter primarily associated with personnel vacancy savings. Year-end estimates project this fund to end the year just under the 2016 budget. Also, in accordance with the requested amendment to the 2016 Budget, the Development Services Fund has been adjusted in order to accommodate the increased contract labor, and corresponding revenue, resulting from the increase in required inspections as noted above. Please refer to Schedule O for more information.

#### **Employee Benefits Fund:**

The Employee Benefits Fund accounts for the payments of employee insurance claims and premiums. Revenues in the Employee Benefits Fund are currently about 10% under the year-to-date budget due to actual benefit selections by town personnel compared to budgeted and position vacancies. Expenditures in the Employee Benefits Fund are 14% under budget for the first nine months of the year and will likely finish the year under budget by about 7%. The annual budget is based on expected healthcare costs while actual fund performance is the result of employee benefit selections and claim costs combined with position vacancies that occur. Staff will continue to monitor trends for this fund to determine if any budgetary change will be required later in the year based on actual healthcare claim costs. Please refer to Schedule P for more information.

#### **Fleet Services Fund:**

Fleet fund revenue is about 2% over the year-to-date budget and is estimated to end 2016 about 1% over the 2016 Budget. Expenditures for the Fleet Services Fund are over the year-to-date budget through September by approximately 3%. This is primarily due to the timing of multiple vehicle replacements that have already been completed and to higher than anticipated parts purchases. Expenditure estimates show that the fund will be about 3% under budget at year-end. Please refer to Schedule Q for more information.

#### **Conservation Trust Fund:**

As of September, the Conservation Trust Fund is more than 5% over budgeted revenue in 2016 primarily due to increased lottery revenue. Overall expenditures are under budget by 31% through September primarily due to personnel vacancy savings as well as timing of projects including various park and safety improvements completed during the first part of the year. This fund is projected to be under budget by about 1% at the end of the year. Please refer to Schedule R for more information.

#### **Philip S. Miller Trust Fund:**

Revenue received in the Philip S. Miller Trust Fund is about 4% under the year-to-date budget. The first of the semi-annual disbursements from the Philip S. Miller Trust was received in June and is \$5k less than budget through the third quarter. Additionally, budgeted revenue includes repayment of a loan to the Downtown Development Authority that was paid in full in 2015; accordingly, no revenue will be received in 2016 for this. Expenditures in the Philip S. Miller Trust Fund are under the year-to-date

budget by 12%. Expenditures are currently estimated to be under budget by 9% for the year related to personnel and service contract savings. Please see Schedule S for more information.

#### **Public Art Fund:**

Revenue for the Public Art Fund is about 2% over the year-to-date budget and consists primarily of the semi-annual disbursement from the Philip S. Miller Trust. Expenditures are 77% under the year-to-date budget for this fund and are on track to be right at budget for the year. Expenditures include payments to artists for commissioned pieces and participation in the Art Encounters program. Please see Schedule T for more information.

#### **Economic Development Fund:**

The Economic Development Fund continues the focus on priorities of creating primary employment jobs, expanding the tax base and maintaining an outstanding business climate. Revenue through September has significantly exceeded the budgeted forecast due to timing of commercial development in Town and is expected to finish the year about 200% over budget. Through September, a total of 66 new commercial permits were issued, as compared to 29 in 2015. Appropriated expenditures in 2016 are allocated to meet current obligations and to fund potential future economic development assistance agreements. Two payments have been made on existing agreements through September, reflecting use of only 4% of the budget. Timing of payments for existing and new agreements varies throughout the year. Please refer to Schedule U for more information.

#### **Police Forfeiture Fund:**

Other than interest, there has been no revenue generation through the third quarter of 2016. The Police Forfeiture Fund includes funds received from cooperative efforts using the Town of Castle Rock's Police resources assisting state or federal authorities in seizures of illegal items. Costs related to body-worn cameras will occur in the last quarter of the year and have been approved by the forfeiture committee. The Police Department does not anticipate any revenue in addition to interest or expenditures in this fund through year-end. Please refer to Schedule V for more information.

#### **Downtown Development Tax Increment Financing (TIF) Fund:**

Revenue in this fund includes a quarterly disbursement of Sales Tax TIF revenue. This is an estimated amount through the third quarter and will be adjusted as needed by year-end. Expenses through the third quarter are less than 1% of the annual budget due to the timing of a loan to The Move, LLC and a contribution to Parks & Recreation Capital for the purpose of renovating Festival Park that are expected to occur by year-end. As part of the 7<sup>th</sup> amendment to the 2016 Budget, TIF funds already appropriated will be allocated to accommodate increased costs for the Festival Park renovation. Please refer to Schedule W for more information.



## Special Events Fund:

The Special Events Fund was established by an approved budget amendment in February 2016. This fund accommodates revenues and expenditures for 20 townwide events that were approved by Town Council as part of the Special Events Strategic Plan on January 5, 2016. A total of 20 events were planned in this fund, including the Celebration Concert Series at Philip S. Miller Park, Downtown After Five events, Harvest Fest, Rocky Mountain Sports Festival, Scavenge the Rock, Western Heritage and the Season of the Star event series.

This fund received 72% of the budgeted revenues for the nine months of the year, including a transfer in from the Philip S. Miller Trust Fund. Expenditures are 4% under budget through September. The year-to-date budget shown in Schedule X has been seasonally adjusted to reflect the number of ticketed events that occurred during the first three quarters of the year and to incorporate expected event costs for events that are scheduled to take place from October to December. Expenditures in this fund are projected to be on track at this point and will continue to be monitored throughout the remainder of the event season.

Through September, the Special Events team has held a total of 13 events including five Downtown After 5 events, five Celebration Concert events, Western Heritage Welcome, Rocky Mountain Sports Festival and Scavenge the Rock. Below is a chart demonstrating the number of tickets sold for each of the Celebration Concert events held throughout the summer at Philip S. Miller Park. As identified below, attendance at ticketed events saw improvements throughout the season, with the highest number of tickets sold for a single event being 912 tickets for the Marshall Tucker Band.

