



STAFF REPORT

To: Honorable Mayor and Members of Town Council
From: Trish Muller, Finance Director
Title: 2015 Mid-year Financial Review, Period Ending June 30, 2015

Discussion

Financial reporting for the Town is a team effort between Finance, Department Managers and staff. This reporting process is helpful in keeping departments apprised of potential revenue shortages that could trigger spending reductions and deferrals.

This 2015 Mid-year Financial Review is a snapshot of the six month's financial activity in comparison to the 2015 seasonally adjusted, amended budget. As demonstrated by the following information, departments are doing an excellent job managing budgets.

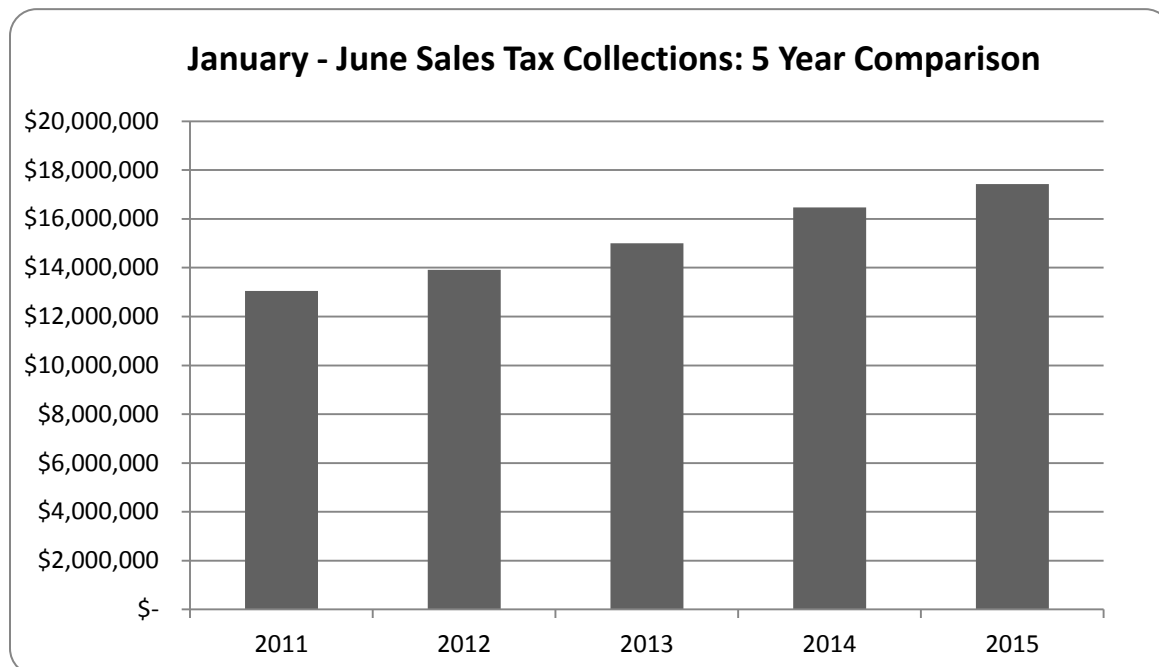
The funds most affected by growth revenues associated with increased development are transportation, capital funds, utility funds, and the Development Services Enterprise fund. Growth related revenues are monitored closely by the Finance Department and revenue budgets may be revised again if positive second quarter trends continue. It is important to note that revenues were adjusted in the first quarter to account for increased development activity, including an 83 unit multi-family development noted below. Total single family permits are budgeted at 700 for 2015. Single family building starts reflect 453 single family permits and one multi-family permit with 83 units versus 431 single family permits and zero multi-family for the same period in 2014. The year to date permit total yields positive revenue trends for 2015 reflected in the funds referred to above.

The preliminary year-end estimate information has been used to update the Taxpayers Bill of Rights (TABOR) position for the Town for 2015. In 2014, Town Council directed Town staff to manage the TABOR issue to the extent possible through alternative methods of doing business. As staff worked to evaluate alternative methods of doing business, an opportunity with the North Meadows Extension project existed. A previously planned significant contribution towards the project planned to be received in part in 2014 and 2015 would have caused the Town to be in a TABOR surplus position in 2014. Instead, as directed by Council, staff worked with the contributing agency, Douglas County, and they coordinated the effort in requesting that the County pay the project construction contractor \$10.5 million directly for their portion of the North Meadows Extension project. This amount will be paid throughout the project construction. In 2015, the Town continues to monitor the preliminary year-end estimate information and currently remains in a TABOR deficit situation for 2015.

Financial Impact

Sales Tax:

Sales tax revenue, which is collected at the 4% rate, is trending ahead of 2014 for the year by 6.3%. Total collections from January through June have increased more than \$1 million over the prior year for the same months. Although sales tax is yielding higher revenues than 2014, year to date trends indicate that sales tax revenue will likely end the year lower than the 2015 budget. Factors contributing to this include taking a proactive approach in 2015 sales tax revenue forecast development to anticipate potential issues as well as the large amount of construction occurring in Castle Rock. As approved by Town Council, an allocation of \$800k in sales tax revenue to the Downtown Development Tax Increment Financing (TIF) Fund in support of downtown projects is included. The chart below illustrates a comparison of activity for the past five years through the second 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 June 30, 2015, licenses total 3,534 (1,775 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 approximately 177 out of the 3,534 licenses, or about 5%, of businesses with some level of default. The average delinquency rate in Front Range communities is between 3% and 6%. This amount includes businesses currently under a payment plan agreement with the Town. At this time, there are two active payment plans in process.

Delinquency Amount: The delinquent amount 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 along with businesses under a plan playing a factor in this amount as well.

Delinquency Collection Revenue: The Town collected \$127,390 from delinquent accounts during the second quarter of 2015, compared to \$59,384 in 2014. The year to date collection amount is \$215,492 in 2015, while 2014 was \$192,488 for the first half of the year.

Sales Tax Audits: On average, there are 31 audits in process per month. The Sales Tax Division completed a total of 43 audits through the second quarter of 2015 resulting in audit revenue totaling \$180,248.

New Businesses: The Town processed 178 new business licenses through the second quarter of 2015, including home based, in town, and out of town businesses.

Business Terminations: There were 119 business terminations in the first half of 2015, including home based, in town and out of town. The renewal process has concluded and unreachable accounts have been terminated.

Permanent Default: There are certain accounts considered uncollectible that will likely be written off; the average of these is around \$10,000 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 tap fees, are based upon the expected number of single family, commercial, and other development permits issued. The 2015 budget was based on growth related revenues associated with 700 single family permits. Finance will continue to monitor the number of building permits issued to establish if revisions are necessary for revenue associated with development permits. The table to the right shows new home permit issuance by year for the past five years.

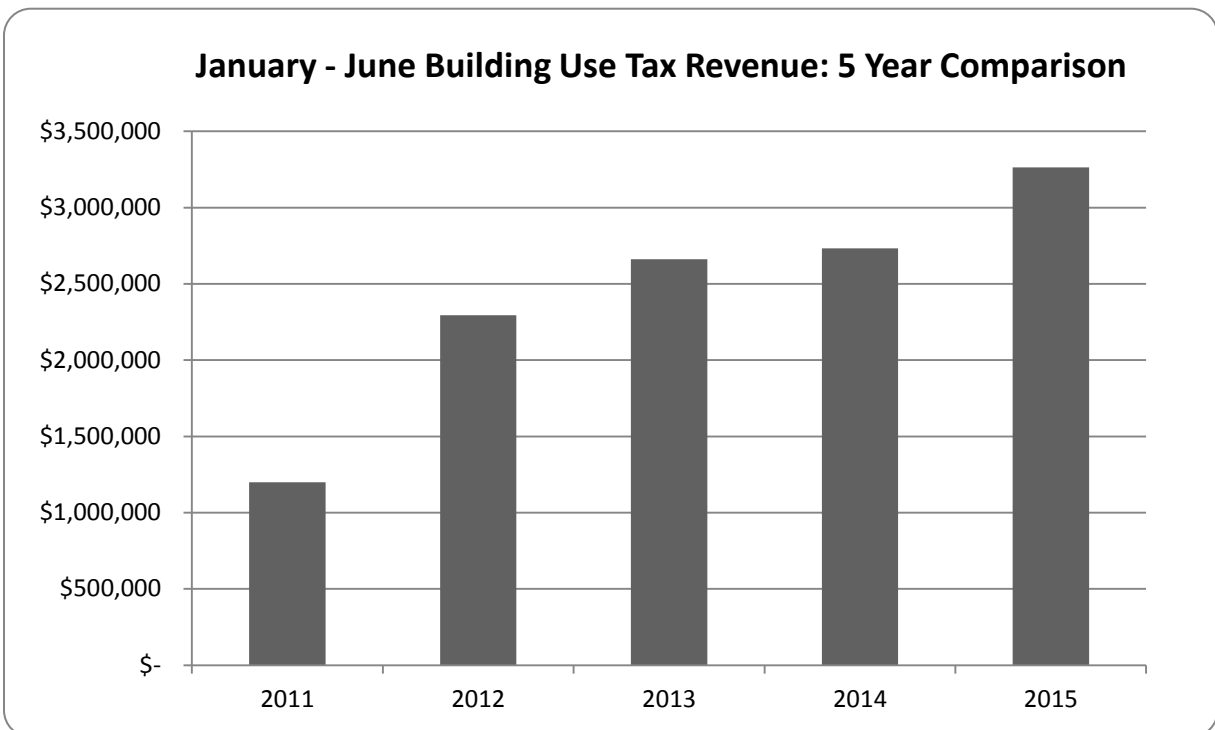
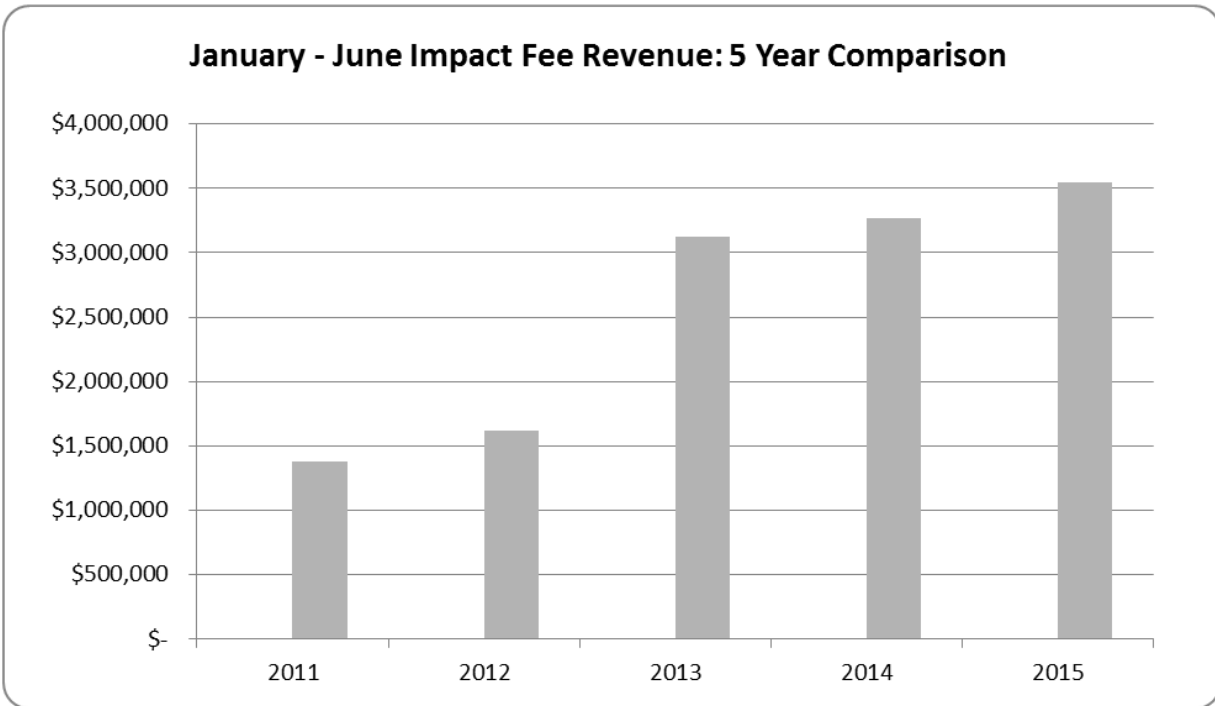
Historical Single Family Home Permits					
Quarter	2011	2012	2013	2014	2015*
January - March	52	100	177	196	180
April - June	100	130	263	235	273
July - September	76	178	220	191	-
October - December	93	124	166	183	-
Total	321	532	826	805	453

*2015 revenue also includes a multi-family permit with 83 units

Impact fees, system development fees, and use tax collections are 12% higher in 2015 than the same period in 2014. Single family building starts reflect 453 permits, or 65% of the budgeted 700 permits. Another contributing factor to increased growth related

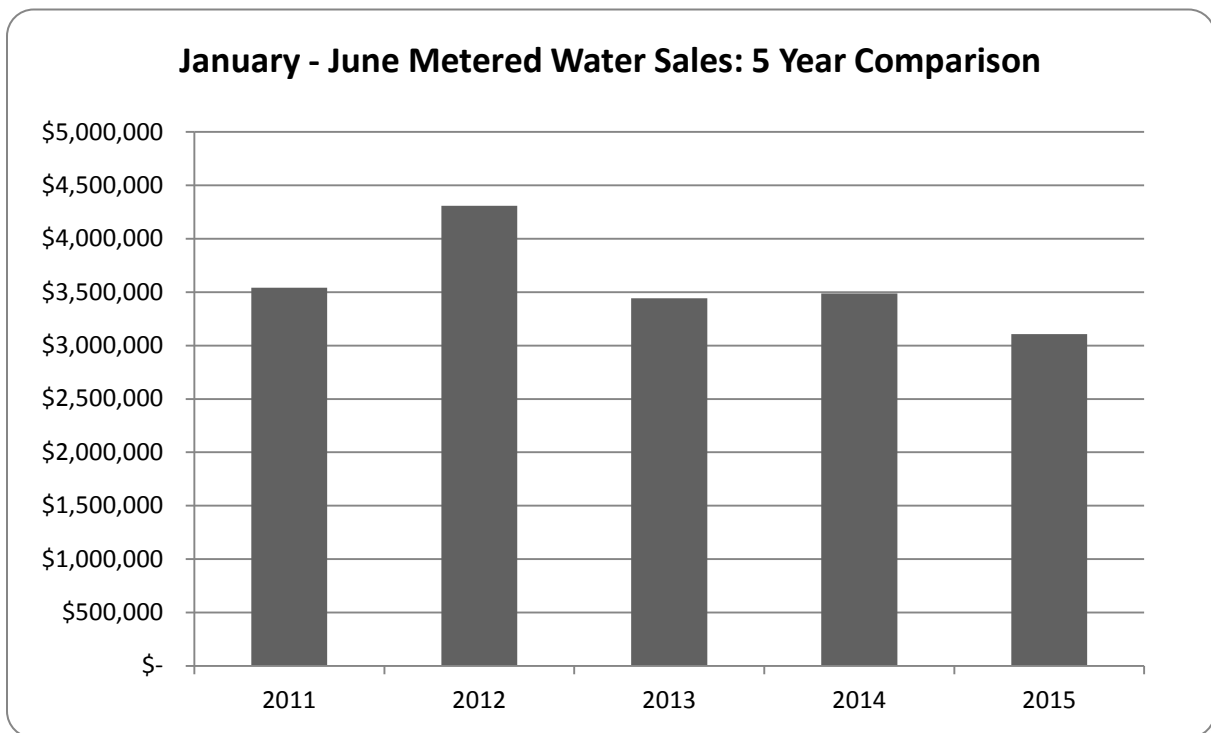
revenues is the inclusion of a multi-family permit consisting of 83 units that was issued in the first quarter of 2015.

The following charts reflect 2015 activity for impact fee and building use tax revenues over the past five years. Impact fee and building use tax revenue has increased compared to last year due to increased development activity through the second quarter.



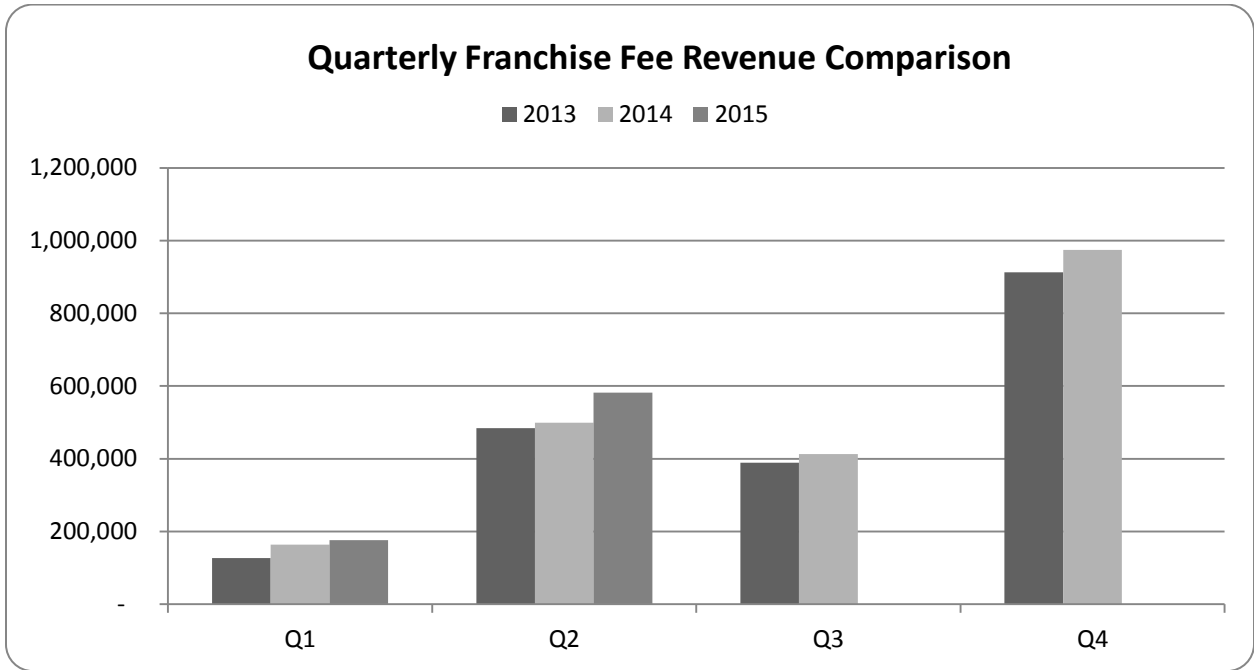
Metered Water Charges:

Metered water collections for the first half of the year are approximately 11%, or \$380,000 lower than the same period in 2014. The decreased revenues are due to higher rates of precipitation and cooler temperatures this spring and early summer. Water revenue is typically higher through October and with three summer months remaining, the Utilities department estimates that 2015 water charges will likely be under budget by about 4% by year end. The following chart illustrates the revenue collections for the first six months of each year 2011-2015.



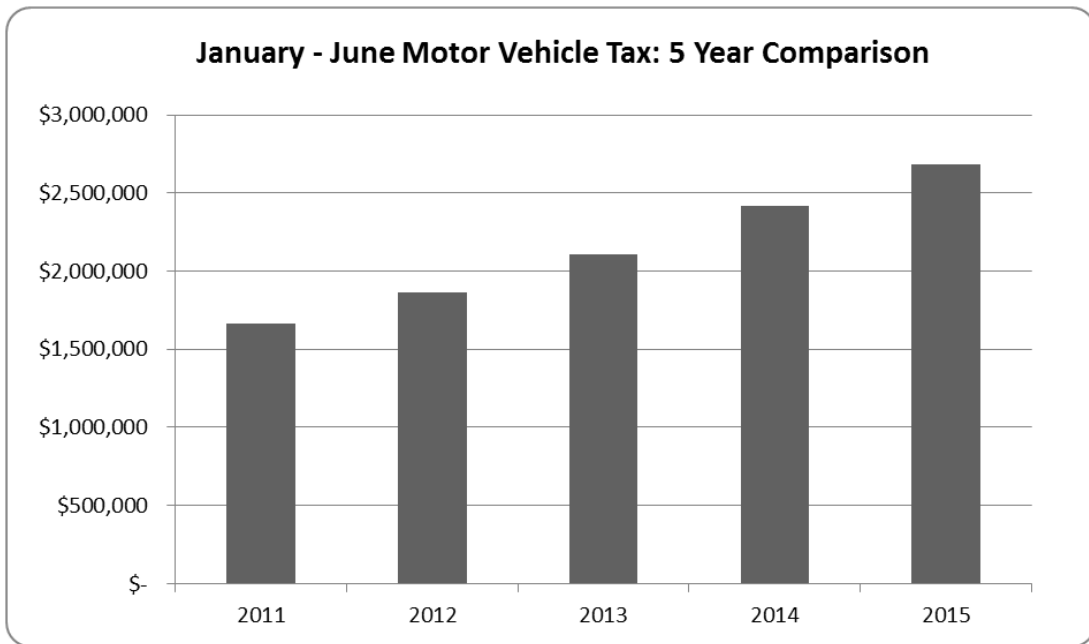
Franchise Fees:

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. For the first six months, Franchise Fee revenue is about \$174k, or 26% higher than 2014. With regard to 2015 year end projections, Franchise Fee revenue is anticipated to be 3%, or \$62k under the amended budget. Franchise Fee revenue is driven by the number of subscribers for the respective utility and the anticipated revenue increase is a result of population growth.



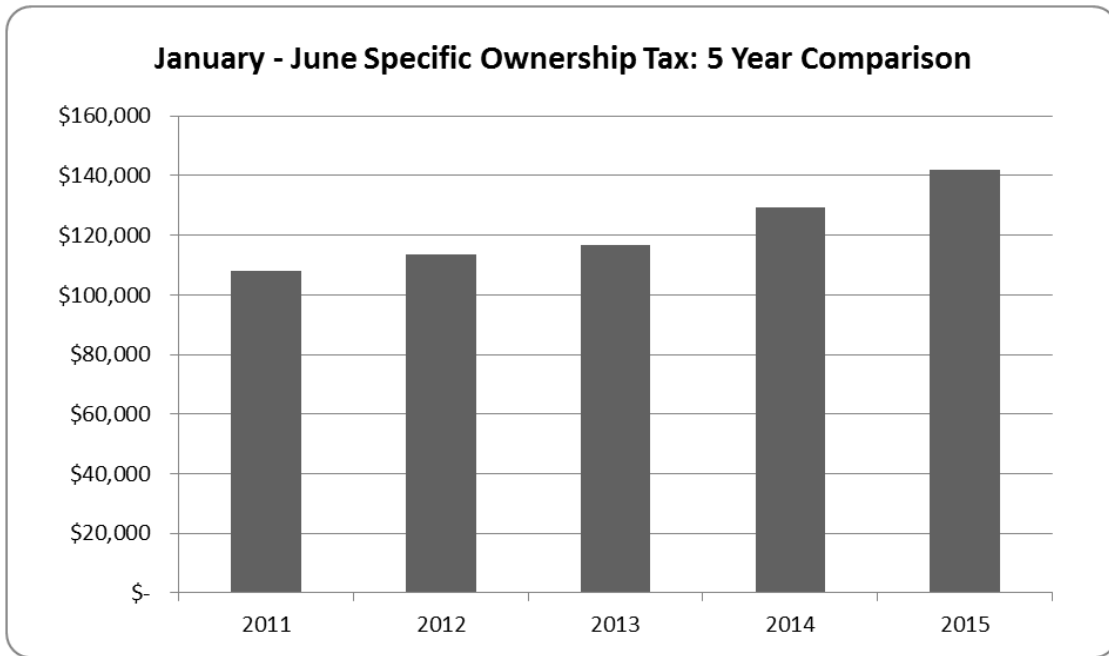
Motor Vehicle and Specific Ownership Tax:

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. For the first half of the year, Motor Vehicle Taxes are roughly 11% higher than the same period last year. The following chart shows Motor Vehicle Tax revenue received over the past five years.



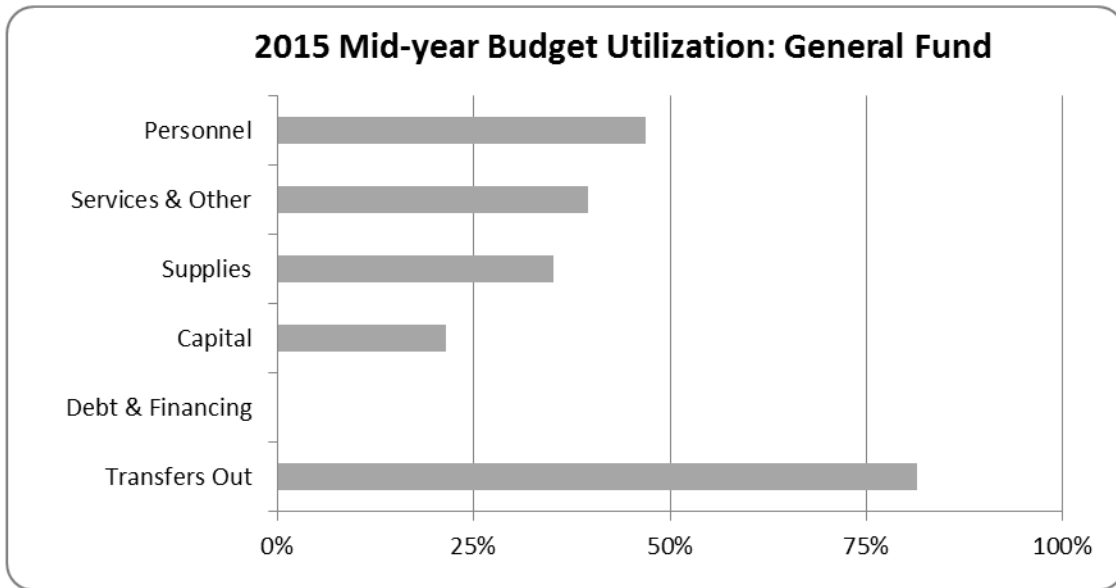
Specific Ownership Tax is levied on all motor vehicles, wheeled trailers, semi-trailers, trailer coaches, mobile homes and self-propelled construction equipment. Tax schedules are established by the State based on age and type of vehicle. Revenues are allocated to each city based on actual pro rata share 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 about 10% higher when compared to the same period in 2014 and are about 6% over budget for the first six months of the year. The chart that follows demonstrates annual Specific Ownership Tax revenues over the past five years.



General Fund:

The second quarter data for 2015 reflects total General Fund revenue coming in 4% under budget for the first half of the year. Expenditures in the General Fund are about 9% under the year to date budget generally due to position vacancies in a number of departments as well as water cost savings in the Parks and Recreation division. A one-time \$1 million interfund transfer and one-time \$1.5 million interfund loan from the General Fund to the Parks Capital Fund were completed in the first quarter. 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.



For the Reader:

As a reminder, expenditure data contained in this report is preliminary with actual data from January – June. As the year progresses additional actual information will be available to report and more conclusions regarding trends can be drawn for the mid-year financial report. General summary items have been included below for the second quarter information regarding General Fund Departments (Please refer to Schedule A for more information):

Town Council

The Town Council Division is 4% under the year to date budget for 2015 through the second quarter. Year-end estimates indicate that the division will likely end the year slightly under the amended budget with just over \$1,400 remaining.

Town Manager

The Town Manager Division is under budget of 2015 by 7% through June. The division is expected to be approximately 2% under the amended budget at year end.

Deputy Town Manager

The Deputy Town Manager Division is also under budget for the first half of 2015 by 29%. Savings in this division are largely attributable to the personnel category due to a vacancy period in the Special Event Manager position hired in early June. Current year-end estimates show that the division will be approximately 5% under the amended budget at the end of the year.

Human Resources

The Human Resources Division is about 12% over the year to date budget, primarily due to costs and fees associated with the Town Manager position search and a software upgrade required in relation to the Affordable Care Act. At this point, it is anticipated that the division will end the year about 8% over the amended budget as a result. Use of contingency funds from the Non-Departmental division may be necessary to address any overage in this area.

Community Relations

The Community Relations Division is 12% under the amended budget for the first half of the year. This is related to a new Community Relations Specialist position filled in April. Current estimates indicate the division will likely end 2015 under the amended budget by less than 1%.

Information Technology

The Division of Information and Technology is under the year to date budget by 13%, primarily due to timing of service agreement payments. The year-end estimate currently indicates that the division will end the year under the amended budget by less than 1%.

Facilities

The Facilities Division is under budget by 21% through the first half of the year. Savings can be attributed to personnel costs being under the year to date budget due to vacancy savings for three positions at the beginning of the year and lower than anticipated building repair and maintenance costs for the first half of the year. This division expects to be under the amended budget by nearly 11% by the end of the year.

Town Attorney

The Town Attorney's Office is under budget by 25% for the first six months of the year. The Town Attorney's office is also experiencing personnel savings as the new Assistant Town Attorney and Administrative Assistant positions that were budgeted for 2015 were hired later in the year than anticipated. The 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 budget to date by 17% through the second quarter. A contingency amount was also included in 2015 to allow for possible special elections if needed and this has not been expended to date. Year-end estimates show the division under the amended budget by over 5%.

Municipal Court

The Municipal Court Division is under budget by 7% through the second quarter. An additional court date was included in the 2015 budget and began on May 27th as existing court dates have reached capacity. As the year continues, the savings experienced in the first half of the year is expected to even out by the end of 2015 and expected to be right at the amended budget.

Finance

The Finance Department is under budget by 3% through the first six months of the year. The majority of savings in the division is due to vacancy savings for a Systems Analyst position that is new in 2015. This department expects to come in under the amended budget by approximately 2% at the end of the year.

Police

The Police Department is under budget by 3% through June. The supplies category is reflecting lower utilization due to fuel savings in the first half of the year. Year-end estimates indicate this department will be under the amended budget by nearly 1%.

Fire and Rescue

The Fire and Rescue Department is tracking under budget by 9% at the end of the second quarter. The Fire Department has experienced savings in the first half of the year primarily due to no wildland fire deployments and an open Assistant Chief of Accreditation and Emergency Management position budgeted for in 2015. Year-end estimates indicate this department will be under the amended budget by nearly 1%.

Development Services

The Development Services General Fund Division is under budget by 22% for the first six months of the year. This department is currently showing savings due to a personnel vacancy as well as several projects in process including the Comprehensive Master Plan update. These are anticipated to be in line with the 2015 budget as the year progresses with about 4% of the amended budget expected to remain at the end of 2015.

Parks and Recreation

After the first six months of the year, the Parks and Recreation Division is under budget by 26%. Personnel savings are related to the timing of seasonal staffing, which is typically higher from May to August. Significant savings for water expenditures has been the result of increased precipitation in the Town in May and June of this year. Capital expenditures have exceeded budget related to the side path project at Crowfoot Valley, Founders Parkway and Ridge Road. Please note that due to timing of invoices the funds requested in the third 1st Quarter Budget Amendment for the side path project were not sufficient to meet the actual need carried forward into 2015. It is anticipated that Parks and Recreation will be requesting a budget amendment of approximately \$650,000 in the third quarter for the design and construction of a pedestrian bridge that will provide trail connection between Philip S. Miller Park and Ridgeline Open Space. Excluding the bridge request, current year-end estimates show that this division will be 8% under budget for the year.

Non-Departmental

The Non-Departmental budget, which is under the responsibility of the Finance Department, is about 5% under the year to date budget. The Non-Departmental budget includes contingency funds for the General Fund and \$1.2 million that is appropriated for Downtown initiatives that will be determined by future decision making. The Downtown initiatives funding is allocated in relation to a first quarter budget amendment authorizing the use of the Downtown sales tax increment that was accrued from 2012 – 2014. The year-end estimate indicates that this department will finish the year 4% under the annual budget.

Transportation Fund:

Overall, Transportation Fund revenues are about 3% over the year to date budget. This is primarily due to higher than expected Motor Vehicle and Building Use tax revenue. The Transportation Fund is under the year to date expenditure budget by about 9% mainly because of weather related delays affecting the Pavement Maintenance Program and seasonal personnel costs. At year-end, the expenditures are expected to be less than 5% under budget. Please refer to Schedule B for more information.

Capital Funds:

Capital funds are generally financed from impact fees and interest earnings. All impact fee revenues in Capital Funds show total revenue collections higher as compared to budgets for the first quarter due to increased development. As discussed previously, new home permits were budgeted at a total of 700 for 2015 and one multi-family. There were 453 permits and one multi-family permit with 83 units issued in the first six months.

Parks and Recreation Capital Fund

The Parks and Recreation Capital Fund is 6% over budgeted revenue for the first six months of the year due to increased impact fee revenue. Grant revenue from Great Outdoors Colorado (GOCO) of \$250k will be received in the 3rd quarter of 2015. The final payment for the interfund loan with the Water Resources Fund occurred in June to reduce total interest cost for this loan. This fund is under the year to date budget by 65% due to invoice timing related to the contract for additional amenities (core plaza, amphitheater and mill house) at Philip S. Miller Park. Year-end estimates indicate that this fund will be less than 1% under budget for the year. Please refer to Schedule C for more information.

Municipal Facilities Capital Fund

This fund is less than 1% under budgeted expenditures through the second quarter. Revenues in this fund are expected to be higher than budgeted due to increased impact fee revenue related to projected town growth. This fund is projected to finish the year less than 1% under the annual budget. Please refer to Schedule D for more information.

Fire Capital Fund

Expenditures in 2015 include costs related to the site assessment for the proposed Fire Training Center and Training Center Tenant Finish. Expenditures are showing under the year to date budget by 14% as the site assessment has not begun. Year-end estimates indicate this fund will be right at the amended budget. Please refer to Schedule E for more information.

Police Capital Fund

Expenditures are 3% under budget through the second quarter. The design phase of the Police Department Basement Renovation project is complete and the construction phase will begin in the third quarter. This project is included in the 2015 budget as approved by Council in the first quarter budget amendment for \$600,000. This amount includes an interfund loan from the Municipal Facilities Capital Fund for \$270,000 as approved by Council as well. 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 North Meadows Extension project is the only expenditure item in the Transportation Capital Projects Fund. Revenues are over budget by 23% due to higher than anticipated impact fee and use tax revenue. Contributions from CDOT for the North Meadows Extension project are based upon project completion and are planned to be recognized at year end. About \$10.4 million has been expended on the North Meadows Extension Project through the second quarter of 2015 as construction continues with anticipated completion scheduled for the summer of 2016. The \$11.435 million loan repayment will

be completed in December, 2015. This fund is less than 1% under the year to date budget. It is expected to end the year 19% under budget due to projected unspent funds for the North Meadows Extension Project that will be carried forward to 2016. Please refer to Schedule G for more information.

General Long Term Planning Fund

Budgeted expenditures in 2015 include general facility improvements as well as Information System projects. The fund is under the year to date budget by 47% related to the timing of projects in this fund. By the end of the year, this fund is projected to be under budgeted expenditures for the year by 10% due to savings from the Town Hall site remediation project. Revenue for this fund is received from Building Use Tax which is trending higher than budget by 29%, for the first half of 2015 due to increased development. 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 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.

At midyear point, total expenditures are 51% lower than budgeted due to timing of capital projects and debt payments. Combined operating expenditures are about 28% under budget, but will increase as seasonal work is completed and demand for water rises in the remaining summer months. By the year end, the Utilities funds are estimated to be about 5% under the operating expenditure budget.

Combined Utility funds system development fee collections are 1% higher than the mid-year budget. Metered Water Sales are 11% lower than the first half of 2014 due to higher precipitation and lower temperatures. Interfund loan repayments totaling \$11.435 million from the Transportation Capital Fund to the Water, Water Resources, and Wastewater Funds are planned to be complete in December, 2015.

The high amounts of precipitation in May and June resulted in the need to repair and improve the Town's stormwater drainage system. A future budget amendment will be needed for the Stormwater Fund in 2015 to accommodate for these unplanned capital expenditures as well as for the bond refinancing which is occurring in July. Please refer to Schedules I through L for more information.

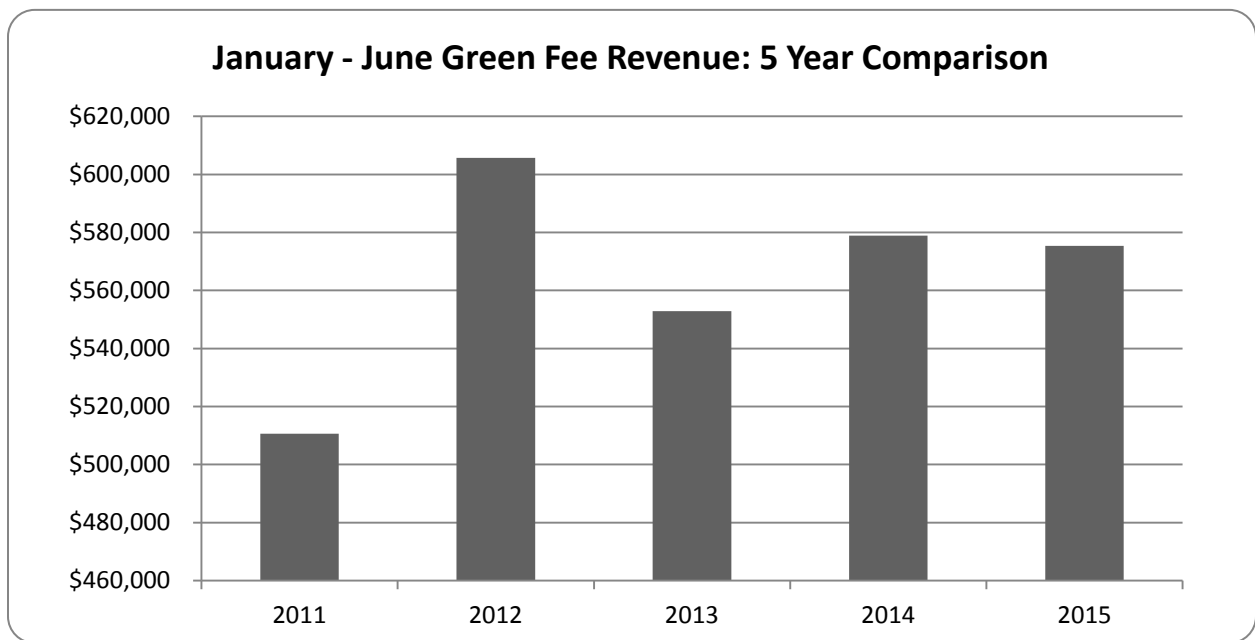
Golf Course Fund:

Revenues for the Golf Course Fund are generally subject to seasonality and weather. 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 Course Fund. Charges for Service revenue and operational expenditures, including personnel, services and supplies have been adjusted based on actual performance during January to June from 2012 – 2014.

Revenues for the first half of the year are 2% under the seasonally adjusted budget. Increased play early in the year helped to offset an estimated \$100k revenue impact

due to higher than usual precipitation in May and June. Comparing revenue received in the first half of prior years is helpful to understand the context of how the Golf Course is performing in 2015. When compared to 2014, current charges for service revenue is about \$12k higher through June; and when compared to 2013, they are about \$68k higher. For 2015, food and beverage; and merchandise sales are 3% greater than the same period of 2014. Despite weather impacts, there were 13,713 rounds played during the first half of the year, representing an increase of 2% over the same period of 2014. Despite the increase in rounds played, the proportion of rounds played early in the year, at off-season rates, result in less revenue than in the prior year. Expenditures are 1% under the adjusted year to date budget being expended due to timing of debt and financing payments associated with refinancing the golf course bonds in 2015. At this time, the Golf Course Fund is projected to end the year within 1% of the annual budget.

The following chart demonstrates a 5 year comparison of green fee revenue for the Golf Course Fund for the first three months of the year. For more information on the first quarter financial performance of the Golf Course Fund, please refer to Schedule M.



Community Center Fund:

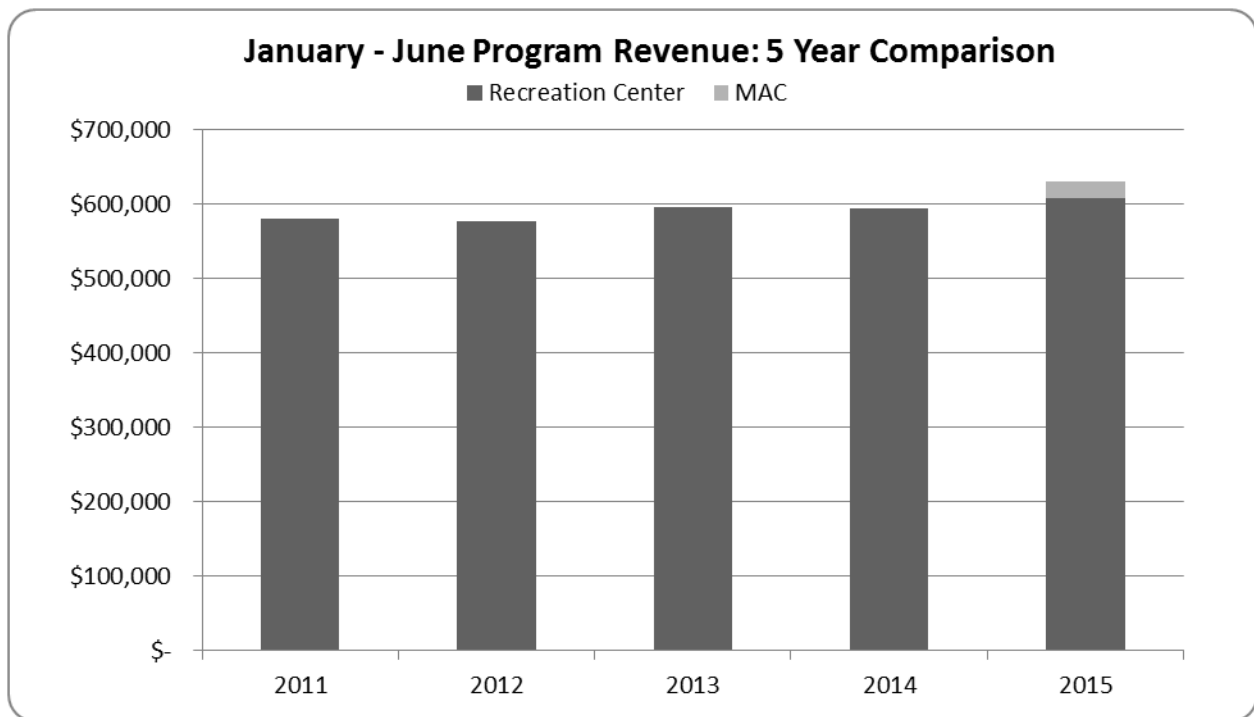
Seasonality affects the revenues and expenses for the Community Center Fund as well. The presentation of information in the attached financial statements (Schedule N) represents the a seasonally adjusted budget to date through the second quarter, which now includes operational revenue and expenditures for the Miller Activity Complex (MAC). Budget estimates for a full year of MAC operations are included in 2015, staff continues to monitor actual performance to best determine possible budget adjustments that may be needed as the year progresses.

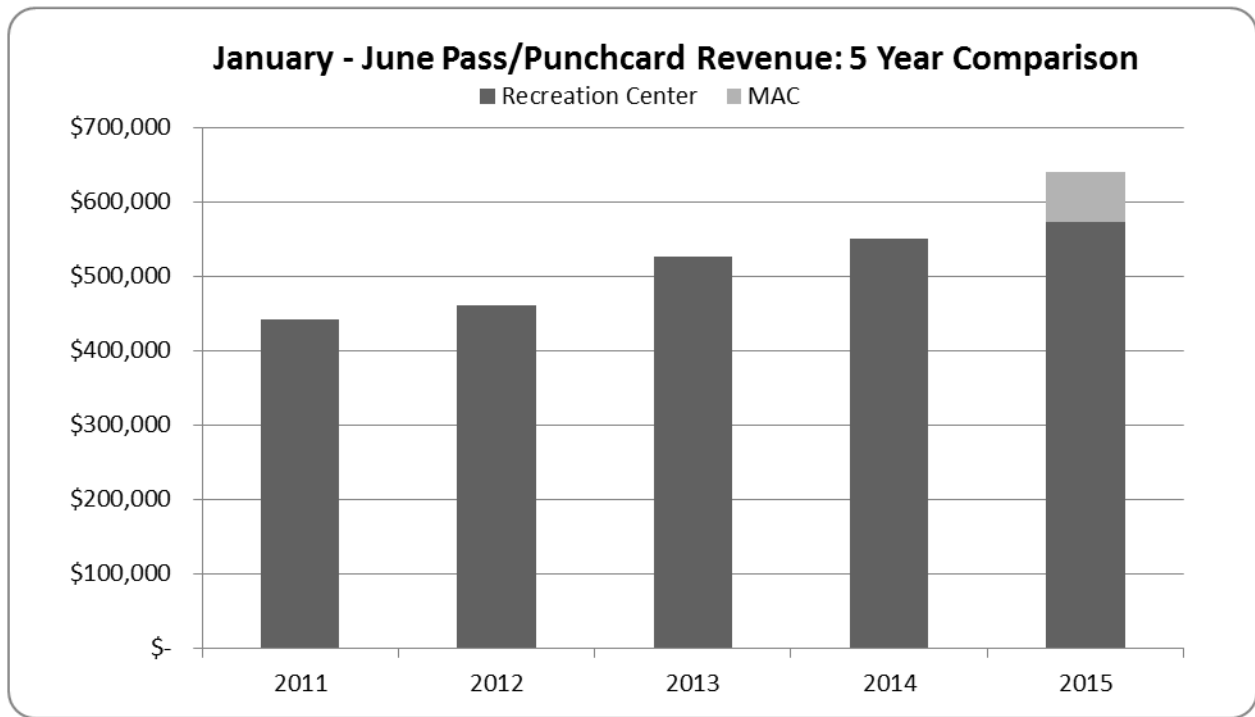
Charges for services provided by the Community Center are over the seasonally adjusted budget by 1% through June. Comparing revenue received in prior years is helpful to understand the context of how the Community Center is performing in the first

half of 2015. Total revenue collections are greater than the first half of 2014 by 23%, or \$619k, primarily due to revenues received at the MAC, which was not in operation at this time in 2014.

Expenditures for 2015 are under the second quarter budget by about 2%, which is primarily related to timing of capital projects. The MAC, which opened in October 2014, continues to be very popular with 460 birthday parties and nearly 58,000 individual visits recorded during the first half of 2015. Usage of the Community Center remains consistent with an increase of 164 visits over the same period of 2014.

The charts to follow illustrate the programs and punch card revenue as compared to the first six 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 7% higher than the year to date budget. Expenditures for the fund are under the amended budget by approximately 9% through the second quarter. Charges for services are higher than the year to date budget in the planning, plan review, inspection fee and site construction plan review areas. The Development Services Fund revenue budget is based on an annual projection of 700 issued permits. To date, 453 permits and one multi-family permit have been issued. A future budget amendment is likely as additional staff resources are needed to maintain levels of service in Development Services. As stated for Impact Fee revenue, the issuance of permits will continue to be monitored with revisions to the budgeted revenues later in the year if needed. Please refer to Schedule O for more information.

Employee Benefits Fund:

Revenue is about 6% under budget due to an approved premium holiday in January 2015, actual benefit selections by town personnel as well as position vacancies. Expenditures in the Employee Benefits Fund are showing about 13% higher than the budget amount for the first six months of the year. While medical claims for the first half of 2015 are within 1% of total for the same period of 2014, premium costs have increased by 38%. Premium costs are estimated to be \$269k higher than budgeted for the year. Due to increasing healthcare claim costs, it may be necessary to amend the 2015 budget to allow for adequate appropriation. The Employee Benefits Fund is projected to finish the year at budget, but staff will continue to monitor trends for this fund to determine if any budgetary change will be required later in the year due to cost increases. Please refer to Schedule P for more information.

Fleet Services Fund:

Expenditures for the Fleet Services Fund are under budget for the first three months of the year by approximately 21% primarily due to the fact that payments related to vehicle purchases planned for the year have not yet occurred. There are more than \$400k in transfers related to budgeted new vehicle purchases that will be completed when the vehicles are in service. Expenditure estimates show that the fund will be under budget by about 2% at year end. Please refer to Schedule Q for more information.

Conservation Trust Fund:

The Conservation Trust Fund has received 19% of budgeted revenue in 2015 primarily due to the anticipated timing of the Douglas County Shareback funds which are expected to be received during the fourth quarter of the year. These funds are the result of an agreement whereby the Town receives a portion of sales and use tax collected by Douglas County. Overall expenditures are under budget by 2% through June and include a transfer to the Parks and Recreation Capital Fund to contribute to the additional amenities at Philip S. Miller Park as approved in the first quarter budget amendment process. This fund is projected to be under budget by less than 1% at the end of the year. Please refer to Schedule R for more information.

Philip S. Miller Trust Fund:

Expenditures in the Philip S. Miller Trust Fund are under the year to date budget by 14%. Revenue is also on track due to the receipt of the first distribution of Miller Trust Fund revenues in June. Note that the final distribution will be received during the 4th quarter of the year. Expenditures are currently estimated to be right at budget for the year. Please see Schedule S for more information.

Public Art Fund:

The majority of revenue into the Public Art Fund is received in June and December as part of the Miller Trust Fund distribution. Expenditures are 44% of the annual budget for this fund and are on track for the year. This fund is projected to be less than 1% under budget at the end of the year. Please see Schedule T for more information.

Economic Development Fund:

The Economic Development Fund continues to reflect the Town's priorities of creating primary employment jobs, expanding the tax base and an outstanding business climate. Revenue, consisting primarily of commercial building use tax, is over the year to date budget by 15% after the first half of the year. This fund is under the year to date expenditure budget by 72%. It is important to note that appropriated expenditures in 2015 are allocated to meet current obligations and provide capacity to fund potential future economic development assistance agreements. This fund is projected to be 72% under the appropriated budget based on current economic assistance agreements. Please refer to Schedule U for more information.

Police Forfeiture Fund:

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. Funds are only expended if they are received. Other than interest, there has been no revenue generation or expenditures through the second quarter of 2015. 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:

The Downtown Development TIF Fund was created as an option to issue Town debt on behalf of the Downtown Development Authority. On August 4th, 2015, Town Council authorized use of funds for the Mercantile Commons project. Other anticipated expenditures include design fees and legal expenses for Festival Park. The Festival Park project may require a budget amendment in the future. Additional downtown projects are currently being evaluated. This fund is expected to be at budget at the end of the year. Please refer to Schedule V for more information.