

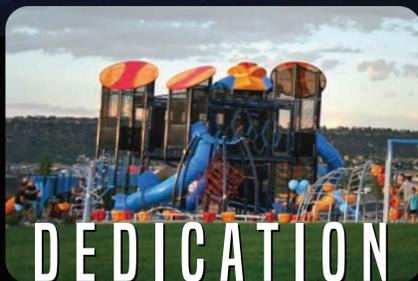


2022 FINANCIAL REPORT TO THE COMMUNITY

FOR THE YEAR ENDED DEC. 31, 2022



EXCELLENCE



DEDICATION



SERVICE

CRGOV.COM/FINANCIALREPORTS



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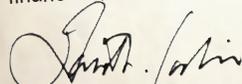
Residents of Castle Rock,

The leadership of your Town takes its financial responsibilities to the community very seriously. The Town prides itself on its conservative financial management, which has allowed for the continued

provision of high-caliber community services – per continued strong community survey ratings – without any recent increases in sales or property taxes.

In 2022, the owner of a home valued at \$448,889 – Castle Rock’s median home value, per April 2022 Douglas County Community Development Department data – paid only \$35.53 in annual property tax to the Town. We believe that represents an excellent return on investment for the full range of general government services the Town provides by maximizing the community’s investment through economic development efforts. Though revenues remain solid, continued focus on core services will prove essential in order to sustain the Town’s finances through multiyear economic cycles.

The Town’s current financial position remains strong, and thus, we are proud to share with you the Town’s Financial Report to the Community for the year ended Dec. 31, 2022. This report enhances the Town’s efforts to provide transparent financial information to the Castle Rock community. We hope that you find this report accessible and educational. You will find additional information about the Town’s financials, performance and more at CRgov.com/transparency.


David L. Corliss
Town Manager


Trish Muller, CPA
Finance Director

Table of Contents

About your Town	3
How does the Town focus resources on priorities?	3
Ensure outstanding public safety	4
Enhance our transportation	5
Secure our water future	6
Maintain strong Parks and Recreation	7
Support economic development	8
Manage Town finances conservatively	9
Financial results	10-14
Where do your property tax dollars go?	14
Which industries generate the most sales tax?	15
Terminology explained	15
How do residents connect with the Town?	16

Financial highlights

- The Town’s total net position – or net worth – increased by \$124.2 million (9 percent) in 2022.
- As of Dec. 31, 2022, the Town’s governmental funds – those supported primarily by taxes and intergovernmental revenues – reported combined ending fund balances of \$149.0 million – an increase of \$20.8 million over 2021; the unassigned fund balance for the General Fund was \$19.5 million, which consisted of three-months cash reserves of \$14.6 million to cover cash flow requirements and unappropriated funds of \$4.9 million.
- The Town’s long-term liabilities totaled \$134.8 million at the end of 2022; the \$21.4 million (19 percent) increase from 2021 was primarily due to the issuance of Water and Sewer Enterprise Revenue Bonds.

About this report

This Financial Report to the Community provides an overview of the Town’s financial position as reported in the 2022 Annual Comprehensive Financial Report (ACFR), available at CRgov.com/FinancialReports. The ACFR is an audited document prepared in accordance with Generally Accepted Accounting Principles (GAAP). The ACFR must include the Town’s component units, present individual funds in greater detail, and fully disclose all material events, both financial and non-financial.

This is an unaudited document, does not include details by fund or other disclosures required by GAAP, and is not intended to present a complete financial picture of the Town in accordance with GAAP. Finance staff designs this report as an easily understandable version for the general public and other interested parties. Both documents have received awards for outstanding financial reporting from the Government Finance Officers Association.



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Castle Rock Colorado

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

December 31, 2021


Executive Director/CEO

About your Town

Government organization

The Town of Castle Rock is a home-rule municipality that operates under the Council-Manager form of government. Policy-making and legislative authority are vested with the Town Council, which consists of a Mayor and six Councilmembers elected by residents. The Mayor is elected at-large, and districts elect the Councilmembers – both on a nonpartisan basis. The Mayor and Councilmembers serve four-year terms.

The Council passes ordinances; adopts the budget; appoints boards and commissions; and hires the Town Manager, Town Attorney and Municipal Judge. The Town Manager carries out the policies and ordinances that the Council approves, appoints the Town's department heads (subject to Council ratification), oversees the Town's operations, and implements Council's vision for the Town.

A world-class community

With over 80,000 residents, Castle Rock values its distinct character with a traditional Downtown core and regular community events. Estimated to grow to up to 120,000-140,000 residents, the Town will continue to provide high-quality services while preserving its history and heritage.



▲ [Town Council](#)

Castle Rock enjoys a strategic advantage related to its location between Denver and Colorado Springs.



▲ [Castle Rock, Colorado](#)

Year	Estimated population
2022	82,383
2021	80,379
2020	75,857
2019	72,168
2018	69,338
2017	65,520
2016	62,188
2015	59,189
2014	56,645
2013	54,238

Source: Town of Castle Rock Development Services

How does the Town focus resources on priorities?





Ensure outstanding public safety



Castle Rock Police (CRPD) and Fire and Rescue (CRFD) work to make our Town one of the safest communities along the Front Range by providing 24-hour protection. CRPD's 87 officers and 32 civilian staff operate out of Police Headquarters and provide services including patrol, investigations, special operations, support services, community policing, school officers, co-responder units and K9 units. CRFD operates five divisions from five fire stations with 101 full-time staff members providing fire, medical, education, inspections and investigations services.



Please find additional information at CRgov.com/performance

What was accomplished?

- CRFD adopted the Community Wildfire Protection Plan along with ongoing public education and mitigation work
- Four firefighters/paramedics graduated from the fire academy and fully joined the CRFD
- CRPD added four Patrol Officers and a Navigator Officer to assist with navigating resource needs for unhoused persons as well as implemented the Strategic Response Center within the Support Services Division
- CRPD expanded their School Resource Officer and therapy dog program with the addition of SRO Luke Godfrey and Rocket at Mesa Middle School



▲ School Resource Officer Godfrey with therapy dog "Rocket"



One of the safest cities in Colorado

Castle Rock was recognized by Safewise as one of 20 safest cities in Colorado. This achievement is in part a result of Town government, the Police Department and residents all working together to ensure that Castle Rock remains safe.



Center for public safety excellence

CRFD successfully achieved international reaccreditation for the third time from the Center for Public Safety Excellence (CPSFE).



Colorado Firefighter of the Year Award

Casey Venafró was named the 2022 American Legion Department of Colorado Firefighter of the Year at the mid-year conference at Post 32.



Enhance our transportation

Castle Rock Public Works plans, designs, maintains and repairs 754 lane miles of roadways within Castle Rock, providing a broad range of services to ensure the Town's transportation system can keep pace with growth. Responsibilities include sweeping streets; completing snow and ice removal after storms; and managing traffic signals, signage and pavement markings.

Public Works



44
Traffic
Signal Intersections



Signs
20,426



6,666,732
Square Yards
of Pavement



754
Lane Miles
of Roadway

Please find additional information at CRgov.com/performance

What was accomplished?

- Completed \$17.1M in roadway projects with the annual Pavement Maintenance Program (PMP). Maintenance work generally consists of asphalt patching, overlay, reconstruction, slurry seal, sidewalk, curb and gutter repair, concrete panel replacement and other pavement preservation treatments
- Added an operator and a lead operator. The Streets Division has instituted a new promotional tiered structure with the intent of improving personnel retention and recruitment by providing a structure and outlined career progression path based upon job related qualifications, experience, and proven capabilities
- Added a new street sweeper and two snow plows



 New street sweeper



Colorado Asphalt Pavement Association Awards

The Colorado Asphalt Pavement Association presented the Town of Castle Rock with two awards and Chavez Construction, local paving contractor, with the **"Best in Colorado" Asphalt Pavement Award**, Local Agency New or Re-Construction category, for the Gilbert Street Reconstruction project. The award recognizes asphalt producers, contractors and agencies/owners for overall appearance and segregation.

The Colorado Asphalt Pavement Association presented the Town of Castle Rock and Elite Surface Infrastructure, a local paving contractor, with a **"Best in Colorado" Asphalt Pavement Award**, Small Contractor Paving category, for the Overlay Program. The award recognizes asphalt producers, contractors and agencies/owners for smoothness and segregation.



Secure our water future

Castle Rock Water (CRW) provides drinking water, wastewater and stormwater services and manages the Town's portfolio of water resources for residents and businesses.

What was accomplished?

- Completed Glovers Phase 2 water main rehabilitation project and Woodlands Phase 2 manhole rehabilitation project
- Completed stream stabilization in McMurdo Gulch and Omni Tributary
- Added a meter technician, a stormwater system operator and a plant operator
- Attained record volume of renewable water provided at 35.4% of our total water supply
- ColoradoScape landscape ordinance was passed on October 18th. The ordinance prohibits grass lawns in front yards of new homes permitted for construction after Jan. 1, 2023, requiring low-water ColoradoScapes. Additionally, the backyards of new homes will be limited to no more than 500 square feet of irrigated grass lawns



 ColoradoScape landscape



Environmental Leadership Award
For the fourth consecutive year, Castle Rock Water received the Gold Level in the Environmental Leadership program by the Colorado Department of Public Health and Environment. This is a statewide

program that recognizes and awards organizations in Colorado that go beyond compliance with environmental regulations by advancing sustainability.

Castle Rock Water

Customer Calls

(approx.)
20,236



4,534
Hydrants



3.418
Billion Gallons
Treated

440
Miles of
Distribution Lines



Please find additional information at CRgov.com/performance



Maintain strong Parks and Recreation

Castle Rock Parks and Recreation manages 24 well-planned parks, 2,934 acres of open space, Red Hawk Ridge Golf Course, the Miller Activity Complex (MAC), and the Recreation Center. The department also operates five pools and a large number of Town-sponsored special events.

What was accomplished?

- Opened Metzler Family Open Space for public access. The project included the addition of four miles of soft-surface trails and restoration of the historic silo
- Implemented fire mitigation tactics at the Metzler Family and Woodlands Bowl open spaces through the deployment of goats, which helped eliminate undesirable vegetation, reduce land fuels for fire and control the spread of noxious weeds, as well as helped to aerate and fertilize the soil
- Added a parks maintenance worker using proceeds from the voter-approved lodging tax
- Completed construction of Cobblestone Ranch Park in northeast Castle Rock offering 12 acres of new amenities to the community, including playground and picnic areas, a pump track for biking, half-court basketball, six pickleball courts, a four-season restroom, off-street parking and a green lawn area



Please find additional information at CRgov.com/performance



 Cobblestone Ranch Park



Best place to go for outdoor fun

Macaroni Kids awarded Philip S. Miller Park as the Best Place to go for Outdoor Fun in Douglas County in 2022. The park has won each consecutive year since 2018. The winners are promoted by Macaroni Kids in their weekly e-newsletters and website, which features local events and activities for moms, kids and families. With a wide variety of amenities, miles of paved and unpaved trails, an adventure playground, an amphitheater, Millhouse and the 200-step Challenge Hill, the park truly has something for everyone.

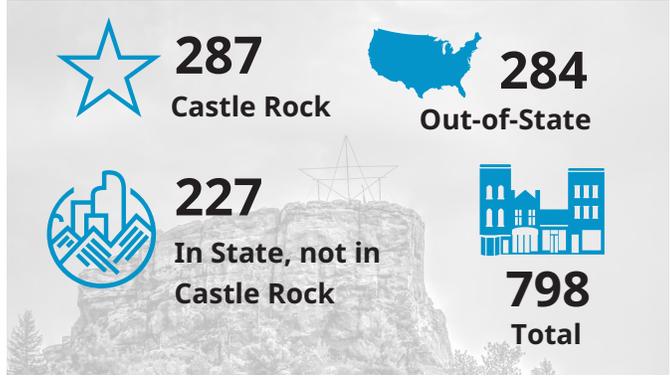


Support economic development

Besides being a great place to live and raise a family, Castle Rock strives to be a strong place to start or grow a business. That means creating jobs, expanding the tax base and maintaining a high-quality business environment.

Castle Rock is a growing community with continued residential and commercial demand. Information about current and proposed projects can be found on the Town's website at CRgov.com/DevelopmentActivity including maps showing project locations, undeveloped properties and Town projects.

Business Licenses Issued



Please find additional information at CRgov.com/performance

Who are the largest employers?

Company	Rank	Percentage of total town employment	Number of FTEs*
Douglas County	1	11%	1,500-2,250
Douglas County School District	2	8%	1,000-1,500
Town of Castle Rock	3	5%	750-1,000
Castle Rock Adventist Medical Campus	4	4%	501-750
Castle Rock Homes/Keller Williams (Combined)	5	3%	400-550

*Full-time employee equivalents who work in the Castle Rock area Source: ReferenceUSA



Median household income
Source: U.S. Census Bureau



Preserve our community character

As Castle Rock evolves, your Town government is dedicated to ensuring our community remains a charming and desirable place residents can take pride in calling home.

The Town has acquired the historic Cantril School located at 312 Cantril St. The Cantril School opened as Castle Rock Elementary School in 1897, and was added to the National Registry of Historic Places in 1984. The building is over 14,000 square feet and sits on 2 acres located just east of Downtown Castle Rock in the Craig and Gould area. The Cantril School is arguably the most architecturally significant historic building in Castle Rock.



312 Cantril Street

The Douglas County School District has recently declared the property as “surplus,” allowing the sale of the school on the open market. Given its historic significance, the Town believed it's important to preserve the structure and to ensure the Cantril site remains a public facility. The primary goal of the project is to use the Cantril building for increased cultural arts programming, small events and other community activities through the Town's Parks and Recreation Department.



Manage Town finances conservatively

Town functions

Town functions consist of two groups of activities – governmental-type activities, in **blue**, and business-type activities, in **green**. Taxes and intergovernmental revenues primarily fund governmental-type activities, while business-type activities function more like private businesses, funded primarily by fees paid for those services.

Net position

The net position, or net worth, of the Town at Dec. 31, 2022 was \$1.4 billion. The Town's net position increased by \$124.2 million (9 percent). The governmental net position increased by \$62.9 million (12 percent), and the business-type net position increased by \$61.2 million (8 percent). These increases reflect the planned accumulation of funds for future projects.

Net position as of Dec. 31 in thousands	Governmental		Business-type		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 201,070	\$ 165,960	\$ 220,773	\$ 173,434	\$ 421,843	\$ 339,394
Capital assets	472,737	438,787	716,117	675,426	1,188,854	1,114,213
Total assets	673,807	604,747	936,890	848,860	1,610,697	1,453,607
Deferred outflows of resources	7,389	5,493	357	487	7,746	5,980
Liabilities						
Long-term liabilities	46,056	47,883	88,739	65,537	134,795	113,420
Other liabilities	23,002	21,275	7,200	5,380	30,202	26,655
Total liabilities	69,058	69,158	95,939	70,917	164,997	140,075
Deferred inflows of resources	13,730	5,596	1,649	-	15,379	5,596
Net position						
Net investment in capital assets	427,363	395,258	654,546	610,488	1,081,909	1,005,746
Restricted	84,646	69,257	-	-	84,646	69,257
Unrestricted	86,399	70,971	185,113	167,942	271,512	238,913
Total net position	\$ 598,408	\$ 535,486	\$ 839,659	\$ 778,430	\$ 1,438,067	\$ 1,313,916

Summary of activities

The following table reflects a condensed summary of activities and changes in net position. Governmental revenues increased by \$8.3 million (5 percent) due to greater than anticipated sales and use tax collections and increased capital contributions. Governmental expenses increased by \$10.1 million (10 percent) primarily due to the annual Pavement Maintenance Program (PMP). Business-type revenues decreased by \$5.7 million (4 percent) and expenses increased by \$13.0 million (21 percent) largely due to transactions associated with the Town's joint venture, Plum Creek Water Reclamation Authority (PCWRA), and increased operating expenses, including wastewater treatment and capital sewer contributions of \$4.5 million and increased depreciation of \$1.6 million.

Summary of activities as of Dec. 31 in thousands	Governmental		Business-type		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Charges for services	\$ 25,218	\$ 35,238	\$ 65,135	\$ 63,958	\$ 90,353	\$ 99,196
Operating grants and contributions	18,059	13,743	-	10,092	18,059	23,835
Capital grants and contributions	30,341	24,557	66,455	63,404	96,796	87,961
Property taxes	2,250	2,241	-	-	2,250	2,241
Sales and use taxes	79,494	71,363	4,124	3,795	83,618	75,158
Other revenues	14,375	14,329	354	495	14,729	14,824
Total revenues	169,737	161,471	136,068	141,744	305,805	303,215
Expenses	107,085	97,012	74,569	61,528	181,654	158,540
Transfers	270	35	(270)	(35)	-	-
Change in net position	62,922	64,494	61,229	80,181	124,151	144,675
Net position, beginning of year	535,486	470,992	778,430	698,249	1,313,916	1,169,241
Net position, end of year	\$ 598,408	\$ 535,486	\$ 839,659	\$ 778,430	\$ 1,438,067	\$ 1,313,916

Revenues and expenses are described in greater detail on the following pages.

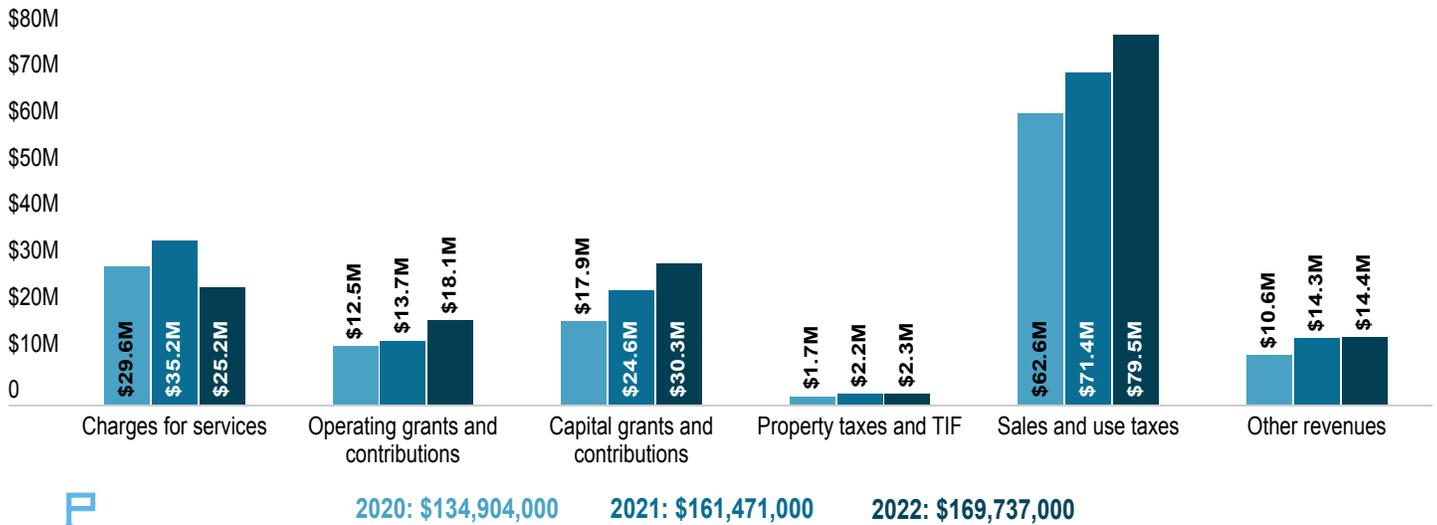
Financial results



Governmental activities revenue

This chart shows governmental revenue activities by source.

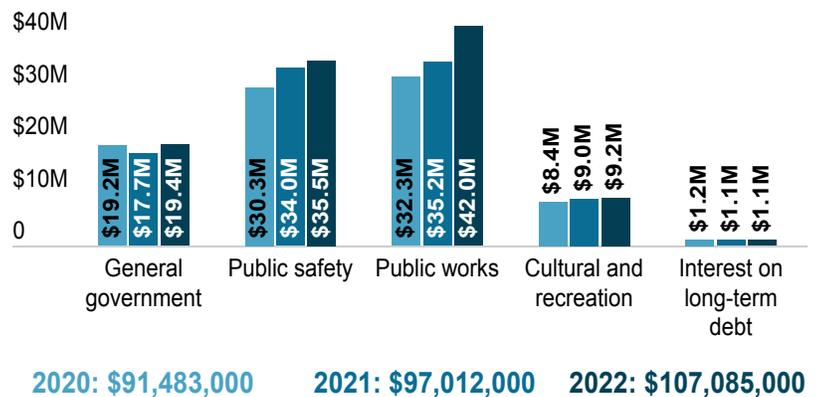
- Sales taxes provide 40 percent of the total revenue for governmental activities. The increase in sales and use tax revenue of \$8.1 million is due to increasing consumer confidence and commercial growth within the Town.
- Program revenues – including charges for services, grants and contributions – provide 43 percent of revenue in the governmental activities. Although the town experienced fluctuations within program revenue categories, including decreased charges for services due to development impact fees and increased grants and contributions, total program revenues remained consistent from 2021 to 2022.
- Only 1 percent of governmental revenues are provided by property taxes and tax increment financing (TIF).



Governmental activities expenses by program

The Town maintains 19 governmental funds. These funds account for functions such as municipal court, Police, Fire and Rescue, Parks and Recreation, public works (maintenance of roadways), and general government support. Program expenses of the governmental activities are summarized from the Town-wide Statement of Net Position below.

- Public safety services account for about 33 percent of all governmental-type expenses.
- Public works accounts for just over 39 percent of all governmental-type expenses.
- The \$10.1 million (10 percent) increase in governmental activity expenses from 2021 resulted primarily from depreciation related to continued investment in capital assets (\$3.0 million), personnel costs (\$4.9 million), and an increase to service and supply costs.



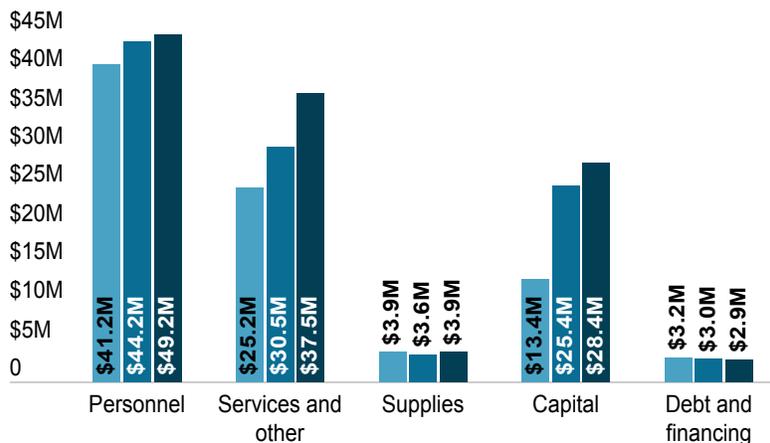


 Goats conducting fire mitigation efforts at Metzler Family Open Space



Governmental funds expenditures by type *

- Daily governmental functions include paying for operational costs such as salaries, supplies and services.
- Governmental personnel costs for 2022 include 434 full-time equivalents – 55 percent who work to provide the Town’s public safety services.
- Services costs typically include utility and software expenses, costs related to the Town’s annual Pavement Maintenance Program, and contracts with community service partners.



2020: \$86,822,437 2021: \$106,644,202 2022: \$121,850,542

*Information presented on modified accrual budgetary basis

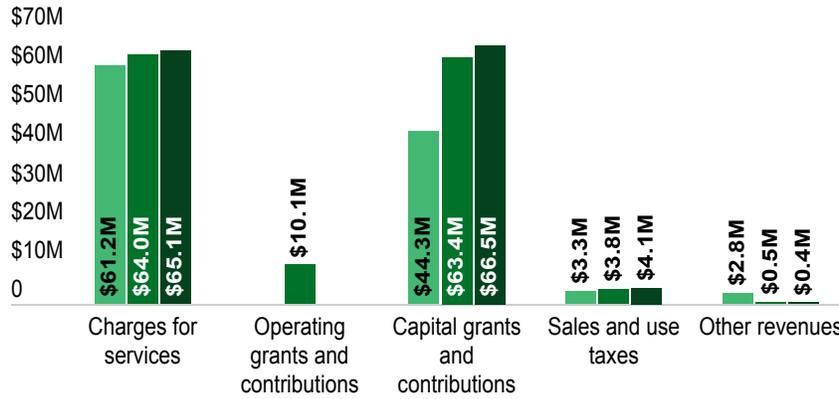
Financial results



Business-type activities revenue

This chart reflects all revenue of the business-type or “enterprise” funds, impact fees and system development fees. These types of fees can only be used for growth-related costs, primarily the construction of infrastructure assets.

- Charges for services include water rates paid by customers, building permit revenues, and rates paid at the Recreation Center, Miller Activity Complex and Red Hawk Ridge Golf Course.
- The \$5.7 million (4 percent) decrease in business-type activity revenues from 2021 is primarily due to the \$10.1 million net income from joint venture in 2021 as compared to the \$130 thousand net loss from joint venture in 2022.



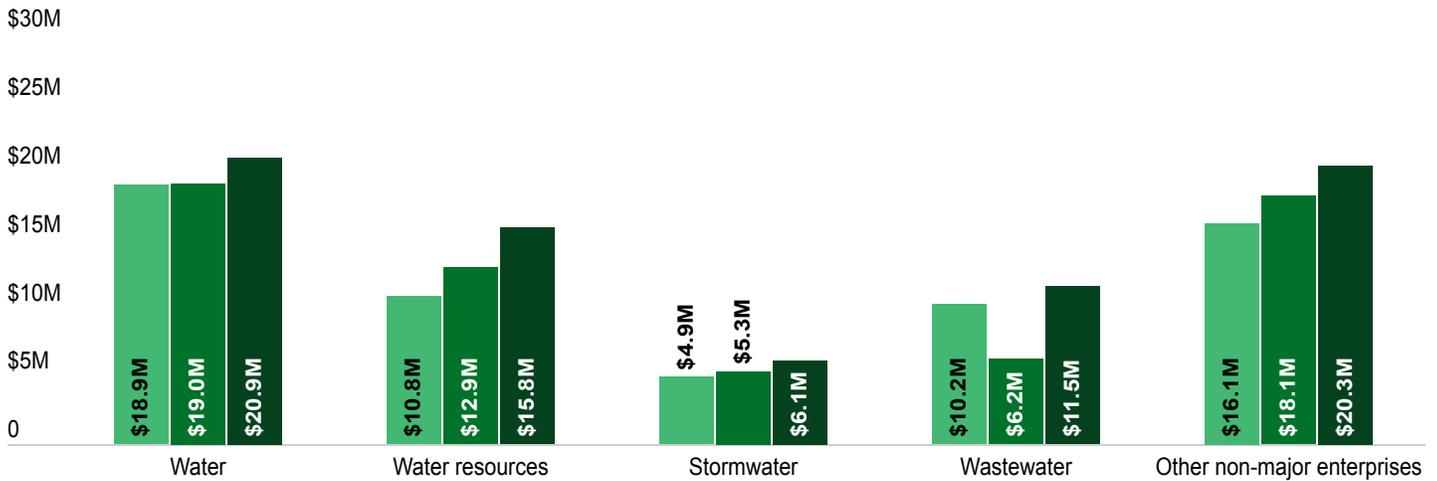
2020: \$111,560,000 2021: \$141,744,000 2022: \$136,068,000



Business-type activities expenses

The Town maintains seven business-type funds. These funds account for functions such as water, water resources, stormwater, and wastewater (major funds) along with development services, golf and community center (other non-major enterprises).

- Water services account for about 73 percent of all business-type expenses.
- The \$13.0 million (21 percent) increase in business-type activity expenses from 2021 is primarily due to increased operating expenses, including wastewater treatment and capital sewer contributions of \$4.5 million and increased depreciation of \$1.6 million.



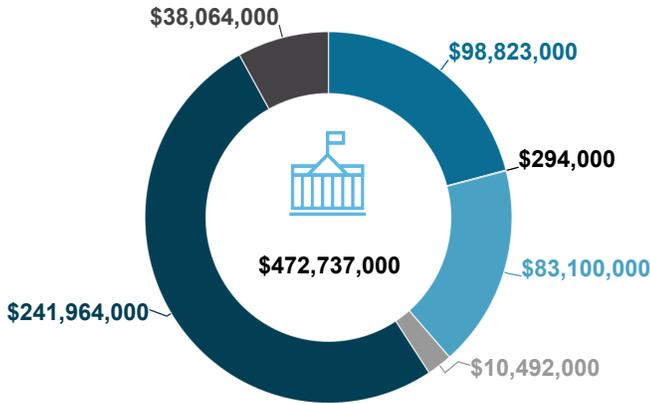
2020: \$60,881,000 2021: \$61,528,000 2022: \$74,569,000

Financial results

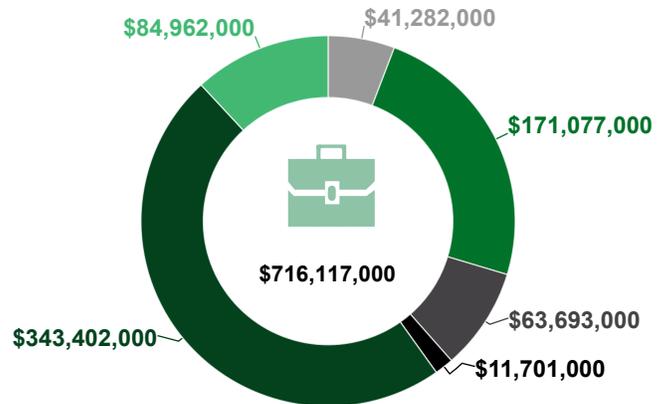
Capital assets (net of depreciation)

The Town had significant investments in infrastructure in 2022. Major capital asset events included renewable water projects, and design and construction of transportation projects.

Governmental activities



Business-type activities



- Land/easements/right of ways (21%) ● Artwork (0.1%)
- Buildings/improvements/other (17.6%)
- Machinery and equipment (2.2%) ● Infrastructure (51.2%)
- Construction in progress (7.9%)

- Land/easements/right of ways (5.8%) ● Water rights (23.9%)
- Buildings/improvements/other (8.9%)
- Machinery and equipment (1.6%) ● Infrastructure (48%)
- Construction in progress (11.8%)

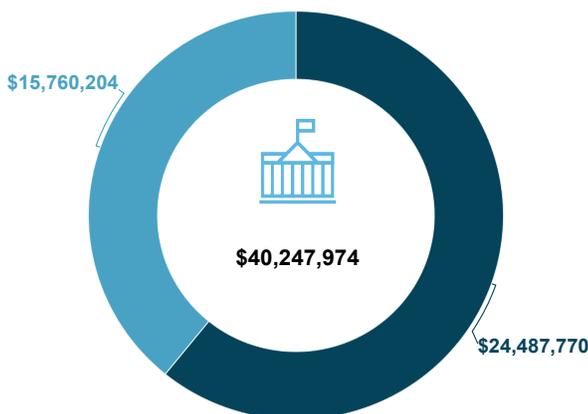
Outstanding debt

The Town's total long-term debt increased by \$21.3 million, or 20 percent in 2022, offset by scheduled annual principal payments, due to the issuance of \$25.5 million in Water and Sewer Enterprise Bonds, Series 2022.

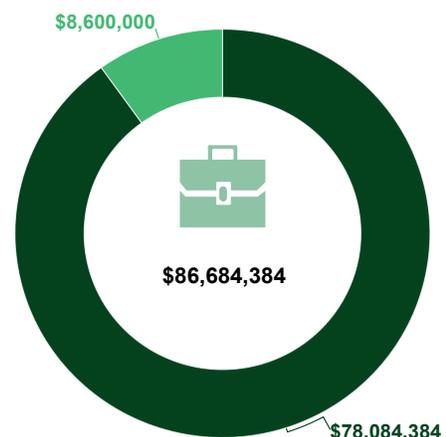
The Town has no general obligation bonds outstanding.

The credit position for Castle Rock is very strong, and its Aa1 rating is above the U.S. city median of Aa3. The rating reflects a very healthy financial position, a considerable tax base and an affluent socioeconomic profile. A strong credit rating makes the Town more attractive to potential investors and potentially secures more favorable rates when issuing debt.

Governmental activities



Business-type activities



- Revenue bonds (60.8%) ● Certificates of participation (39.2%)

- Revenue bonds (90.1%) ● Notes payable (9.9%)

Investments

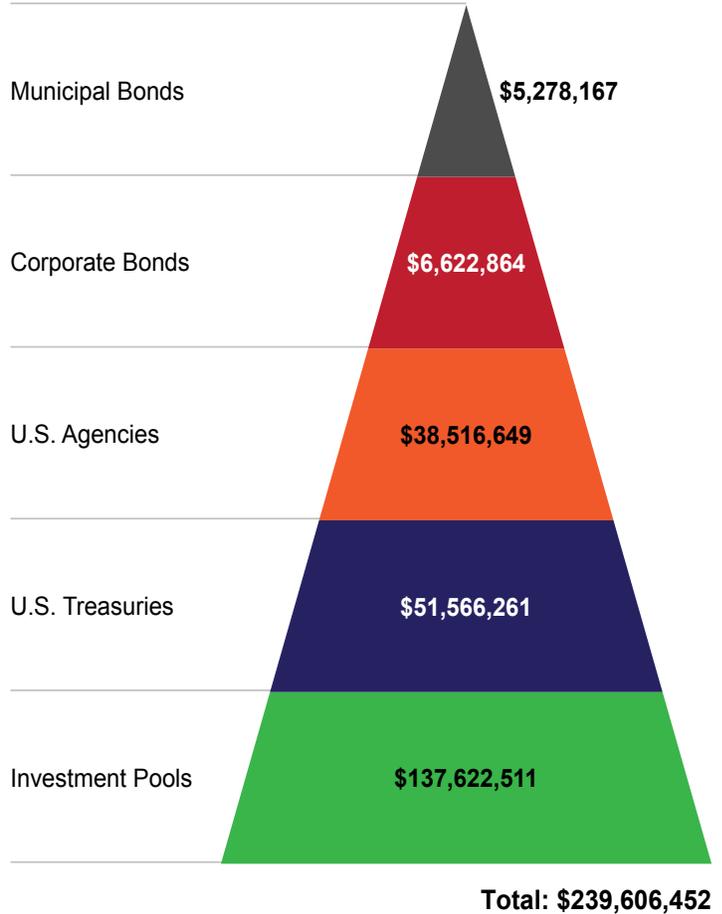
The Town maintains a conservative investment policy.

The principal objectives include:

- Preservation and protection of capital
- Maintenance of sufficient liquidity
- Diversification to avoid unreasonable risk
- Attainment of adequate market rate of return
- Conformance with all stated regulations

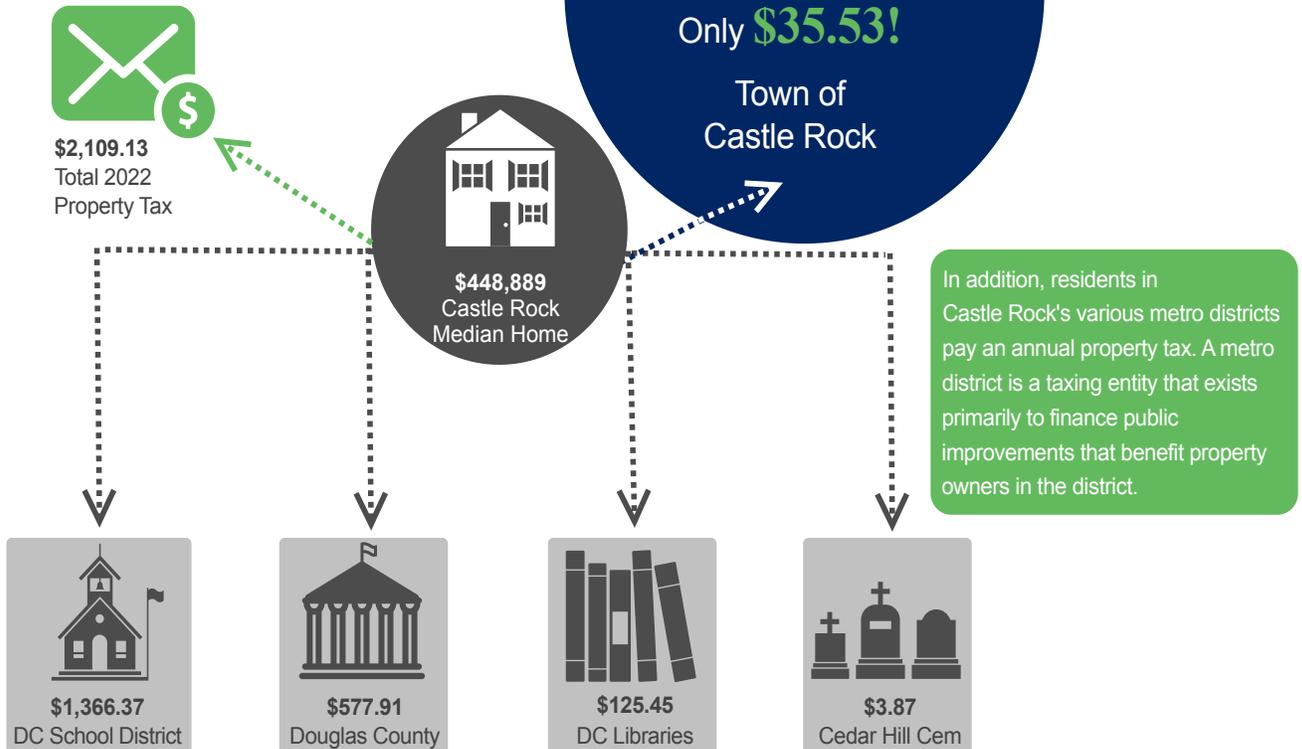
Did you know?

The Town has a large portion of investments in Investment Pools, which include a Local Government Investment Pool and a Pension Trust Affiliated Local Plan Pool. The Local Government Investment Pool serves government entities via an asset allocation approach to portfolio management and places an emphasis on safety, liquidity, transparency and competitive yields. The Pension Trust Affiliated Local Plan Pool is a Fire & Police Members' Benefit Long-Term Investment Fund and falls under the complete investment authority of the Fire & Police Pension Association Board of Directors. The Long-Term Pool is designed primarily for open plans with a longer time horizon, higher risk tolerance and lower liquidity needs.



Where do your property tax dollars go?

The Town's property tax mill levy rate for 2022 was 1.139 mills. Residents paid under \$36 in Town property taxes on a \$448,889 median value home.



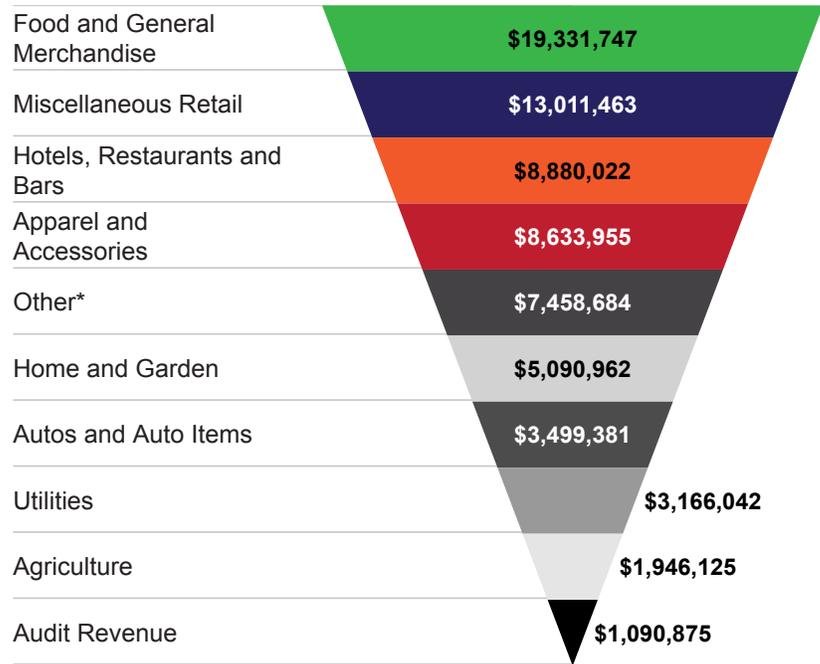


Supporting local businesses builds community character. Castle Rock strives to maintain a high-quality business environment that includes unique locally-owned stores in historic Downtown.



Supporting local

Which industries generate the most sales tax?



*Other: Furniture and Home Décor, Communications, Leasing and Rentals, Ranch Supply/Pet Needs, Services, Wholesale and Manufacturing

Total: \$72,109,256

Source: Town of Castle Rock Revenue Division

Terminology explained

Assets: resources with economic value that the Town owns

Business-type activities: include water, water resources, stormwater and wastewater utilities, a golf course, a community center (recreation), and development services. These activities rely to a significant extent on fees and charges for services

Deferred inflow of resources: acquisition of net assets applicable to a future reporting period. For example advance collections

Deferred outflow of resources: consumption of net assets applicable to a future reporting period. For example deferred charges

Governmental-type activities: include most of the Town's services such as general government, public safety (police and fire), public works (transportation and streets), and culture and recreation (parks and open space). Taxes and intergovernmental revenues normally support these services

Liabilities: claims against the Town's assets

Net position: difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources – in this case, the Town's net worth

Restricted: funds set aside for a specific purpose or project and not available for use

Unrestricted: one-time funds available to use for operations or capital

Colin Sheffler
PHOTOGRAPHY

How do residents connect with the Town?

The Town of Castle Rock demonstrates its [values](#) through clear, direct, honest communication. Residents and business owners have more ways than ever to access information. Your Town government strives to engage residents regarding news, events, programs and services. In its commitment to keep everyone informed, the Town deploys various tools and resources including [Your Town Talk](#), printed monthly and distributed with water bills.

CONNECTING IN CASTLE ROCK

