



STAFF REPORT

To: Honorable Mayor and Members of Town Council

From: Trish Muller, Finance Director

Title: 2015 Third Quarter Financial Review, Period Ending September 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 Third Quarter Financial Review is a snapshot of the first nine month's financial activity in comparison to the 2015 amended budget. As demonstrated by the following information, departments continue effective management of budgets.

The funds most affected by growth revenues directly associated with increased development are transportation, capital funds, utility funds and the Development Services Enterprise fund. For 2015, total single family permits are budgeted at 700. Through September, a total of 639 single family permits and one multi-family project with 83 units have been issued. The year to date permit total yields positive revenue trends for 2015 as reflected in the funds referred to above when compared to 2014. Based on recent trending and anticipated development in the remainder of the year, year end estimates for growth related revenues have been revised to include 750 single family permits and 139 multi-family units by the end of 2015.

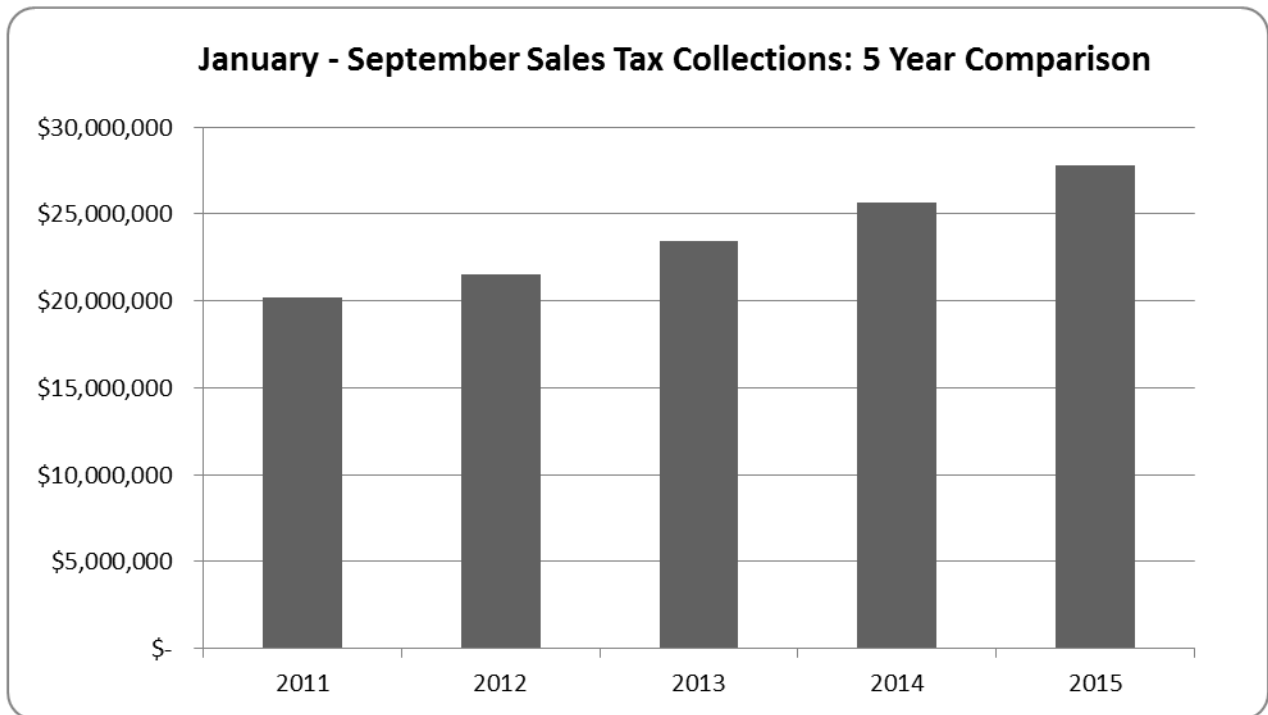
The preliminary year end estimate information has been used to update the Taxpayers Bill of Rights (TABOR) position for the Town for 2015. In 2014, Town Council directed Town staff to manage the TABOR issue to the extent possible through alternative methods of doing business. In 2015, the Town continues to monitor the preliminary year end estimate information and currently is projected to remain in a TABOR deficit situation for 2015.

Financial Impact

Sales Tax:

Sales tax revenue reflected in this report includes actual revenues received through August and an estimated amount for September. The September estimate is based on 2015 trending, not including audit revenue, as compared with the prior year. Sales tax revenue, which is collected at the 4% rate, is trending ahead of 2014 for the year by 8.2% (including audit revenue) and 6.6% with audit revenue excluded. Total collections from January through September are estimated to be nearly \$2.1 million over the prior year for the same months. At year end, sales tax revenue is estimated to increase 5.5% over 2014. 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 \$800 thousand 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 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 September 30, 2015, licenses total 3,693 (1,882 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 186 out of the 3,693 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 no 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 \$235,999 from delinquent accounts during the third quarter of 2015, compared to \$50,109 in 2014. Collections total \$450,491 through September 2015, while 2014 was \$242,596 for the same period.

Sales Tax Audits: On average, there are 38 audits in process per month. The Sales Tax Division had a total of 45 active audits in process in the third quarter. Six audits were billed during this time, resulting in audit revenue of \$485,060. Sales Tax Audits are a comprehensive, routine process to ensure accuracy of sales tax submissions to the Town. This is not a predictable or sustainable revenue source and is not included in future growth projections. Audits typically consist of a review of a three year period and are initiated as a result of in-house analysis, citizen inquiry or information provided from other jurisdictions.

New Businesses: The Town processed 199 new business licenses in the third quarter of 2015 including home based, in town, and out of town businesses. New business licenses for the same period in 2014 totaled 148.

Business Terminations: There were 27 business terminations in the third quarter of 2015, including home based, in town and out of town. For 2014, there were 9 business terminations in the same period. The renewal process will begin later this month, with nearly 4,000 renewal letters due by December 31, 2015.

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. This growth related revenue is dedicated to be used for expenditures that are necessary to support the growing community. The 2015 budget for this revenue was based on a projected

Quarter	2011	2012	2013	2014	2015
January - March	52	100	177	196	181
April - June	100	130	263	235	275
July - September	76	178	220	191	183
October - December	93	124	166	183	-
Total	321	532	826	805	639

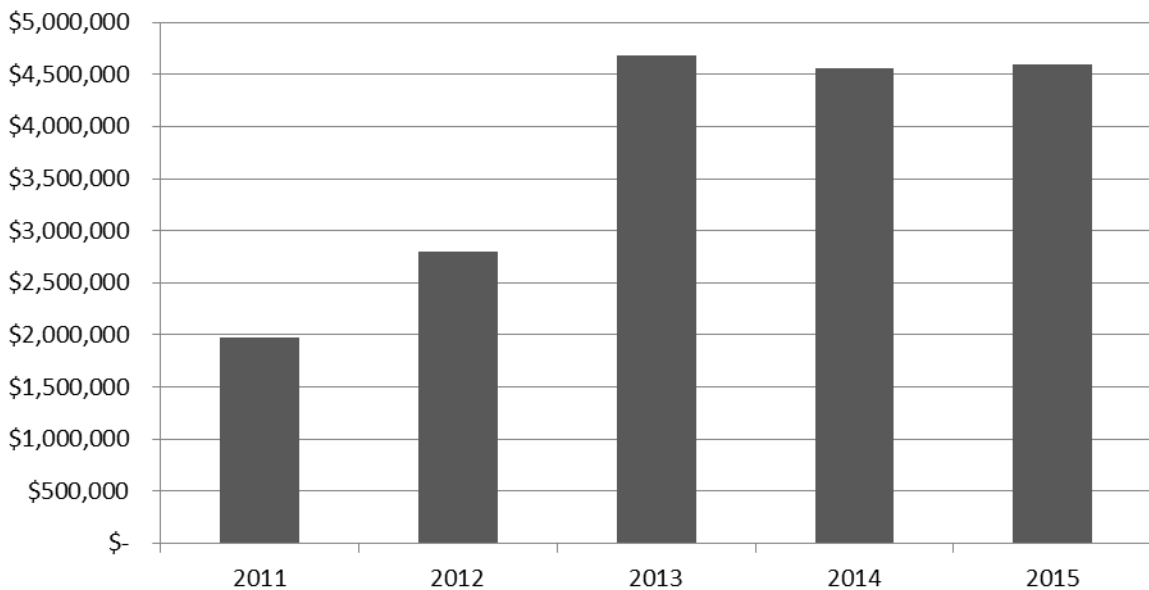
**2015 revenue also includes a multi-family project with 83 units*

700 new single family permits. The table to the right shows new home permits issued over the past five years.

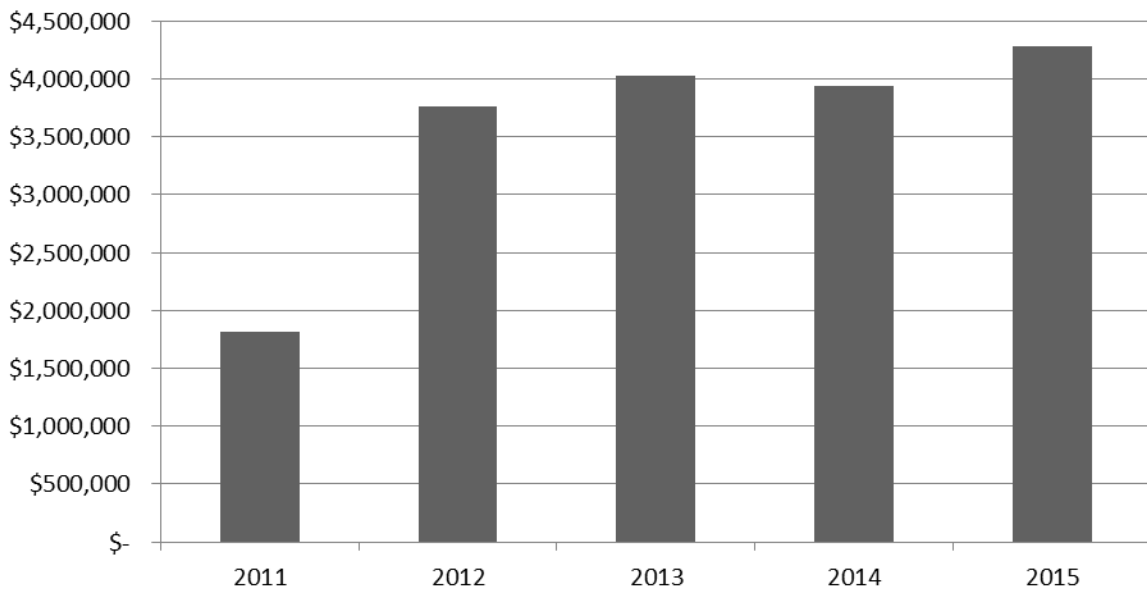
Impact fees, system development fees, and use tax collections are more than 8% higher in 2015 than the same period in 2014. A total of 639 single family building

permits and 1 multi-family project, consisting of 83 units have been issued through the first nine months of the year. Based on anticipated development during the remainder of 2015, estimates have been revised to 750 single family and 139 multi-family units. As shown on the following page, use tax revenue is higher than 2014 due to consistent residential construction and a higher volume of commercial development. Commercial use tax revenue is \$128 thousand greater than the same period of 2014 and, by year end, is expected to be nearly double the amount received in the prior year. The following charts reflect 2015 activity for impact fee and building use tax revenues over the past five years.

January - September Impact Fee Revenue: 5 Year Comparison

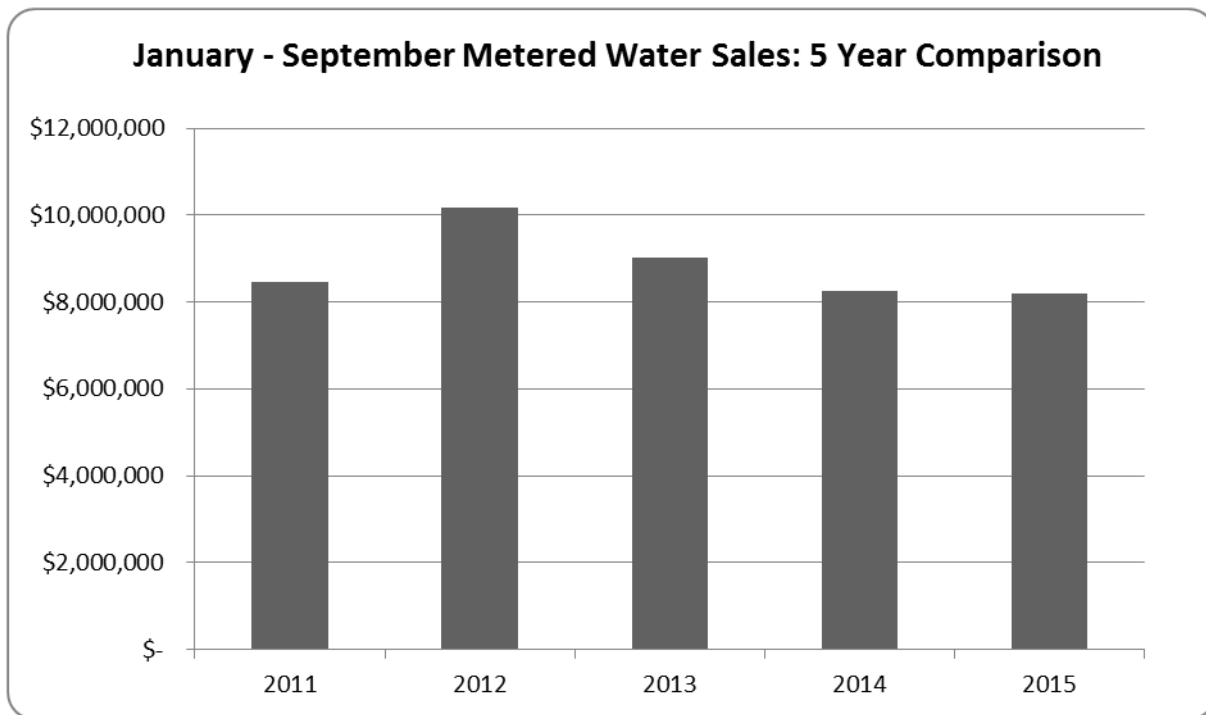


January - September Building Use Tax Revenue: 5 Year Comparison



Metered Water Charges:

Metered water collections for 2015 through September are approximately 1%, or \$68,000 lower than the same period in 2014. Metered water charges have increased in the third quarter as compared to the second quarter due to drier conditions and resulting higher water consumption. Metered water charges are estimated to be about 2% under budget at the end of 2015. The following chart illustrates the revenue collections for January through September 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. Through September, Franchise Fee revenue is about \$120 thousand, or 11% higher than 2014. Although Franchise Fee revenue is estimated to be under budget by 3% for the year, estimates reflect an increase of \$150 thousand over 2014. Franchise Fee revenue is driven by the number of subscribers for the respective utility and the anticipated revenue increase is generally a result of population growth.

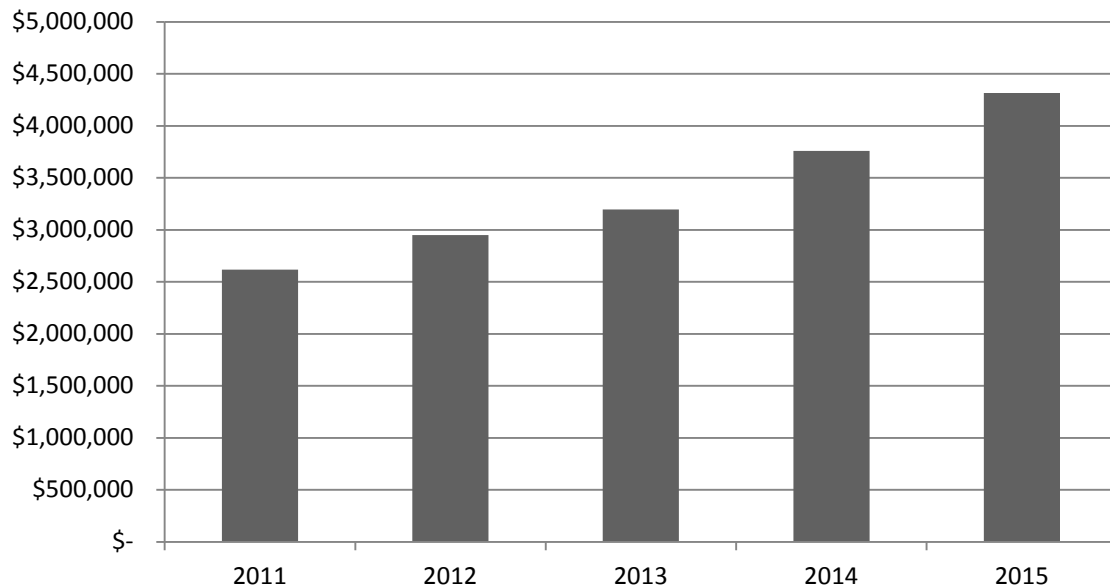
Quarterly Franchise Fee Revenue Comparison



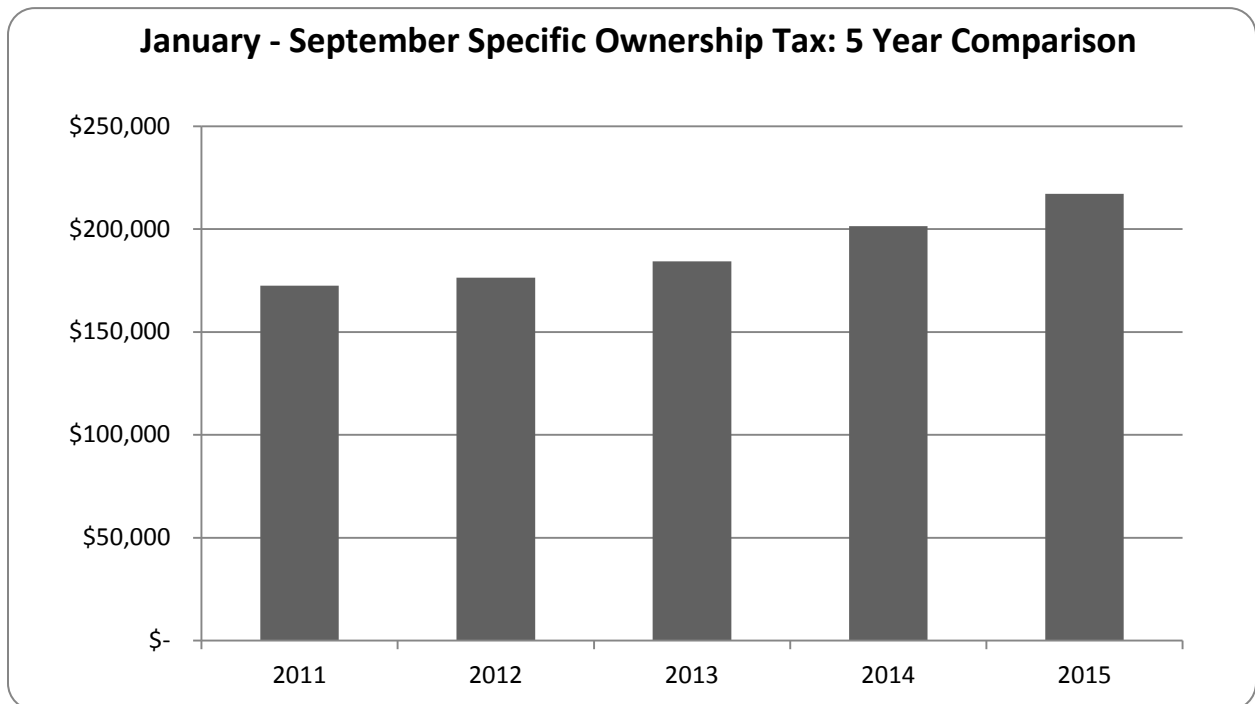
Motor Vehicle and Specific Ownership Tax:

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 September, Motor Vehicle Taxes are 13% higher than the same period last year and are estimated to be over the annual budget by 5% at the end of the year. The following chart shows Motor Vehicle Tax revenue received over the past five years.

January - September Motor Vehicle Tax: 5 Year Comparison

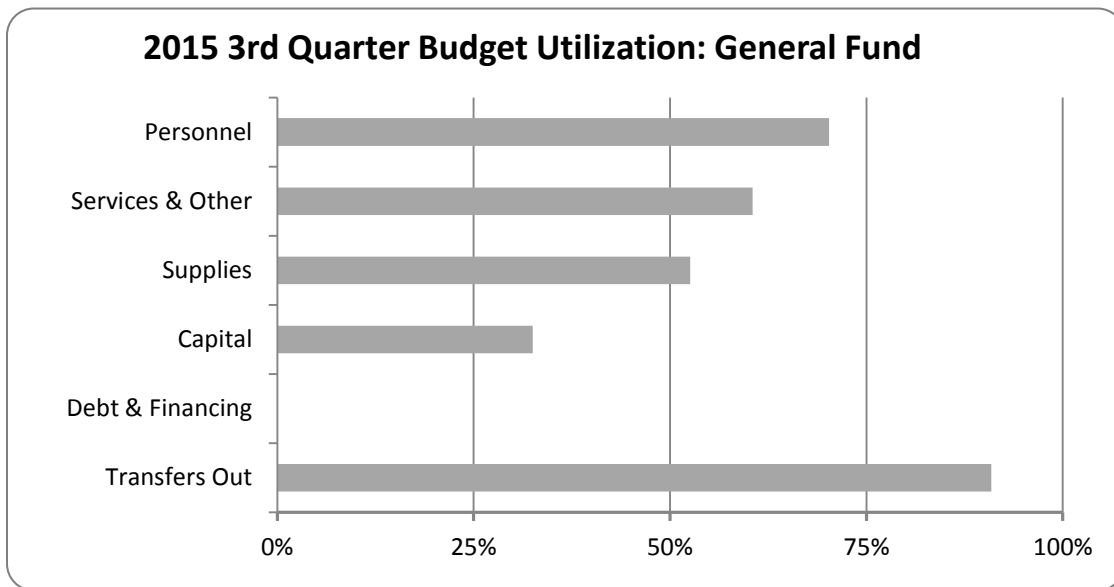


Specific Ownership Tax is levied on all motor vehicles, wheeled trailers, semi-trailers, trailer coaches, mobile homes and self-propelled construction equipment. Tax schedules are established by the State based on age and type of vehicle. Revenues are allocated to each city based on actual pro rata share 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 8% higher when compared to the same period in 2014 and are 8% over budget for the first nine months of the year. Estimates reflect that specific ownership tax will be over the annual budget by 10% at the end of the year. The chart that follows demonstrates annual Specific Ownership Tax revenues over the past five years.



General Fund:

The third quarter data for 2015 reflects total General Fund revenue coming in about 2% ahead of budget for the first nine months of the year. Expenditures in the General Fund are 8% under the year to date budget generally due to position vacancies and other cost savings in multiple departments. Timing of capital projects and other expenditures also contributes to the General Fund savings through September. Transfers out of the General Fund are at 91% of the annual budget due to a one-time \$1 million interfund transfer and one-time \$1.5 million interfund loan to the Parks Capital Fund that were completed in the first quarter. The following graph identifies the percent of budget categories that have been expended through the third 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 – September, with some items estimated for the month of September. General summary items have been included below for the third quarter information regarding General Fund Departments (Please refer to Schedule A for more information):

Town Council

The Town Council Division is less than 1% over the year to date budget for 2015 through the third quarter. This slight overage is due to the timing of dues and subscription payments that have already occurred. Year end estimates indicate that the division will end the year under the amended budget by 3%.

Town Manager

The Town Manager Division is under budget of 2015 by 4% through the third quarter. The division is expected to be approximately 3% under the amended budget at year end.

Deputy Town Manager

The Deputy Town Manager Division is under budget by 14% through September. 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 1% under the amended budget at the end of the year.

Human Resources

The Human Resources Division is about 8% over the year to date budget. Factors contributing to this include costs and fees associated with the Town Manager and Parks & Recreation Director position searches, a software upgrade required in relation to the Affordable Care Act and an increase in the employee recognition program. At this point, it is anticipated that the division will end the year about 13% over the amended budget.

Use of unexpended funds from the Non-Departmental division may be necessary to offset any overage in this area.

Community Relations

The Community Relations Division is 10% under the amended budget through September. This is related timing of the website redesign project and position vacancy savings that occurred during the first quarter of the year. Current estimates indicate the division will be under the amended budget by less than 1% at the end of the year.

Information Technology

The Division of Information and Technology is under the year to date budget by 22%, primarily due to timing of service agreement payments and timing of capital projects. The year end estimate currently indicates that the division will be under the amended budget by about 5%.

Facilities

The Facilities Division is under budget by 17% through September. Savings are 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. In order to prepare for transitioning from contracted custodial service to an in-house service, the Facilities Division is planning to purchase necessary equipment and supplies by the end of 2015. This division expects to be under the amended budget by nearly 7% by the end of the year.

Town Attorney

The Town Attorney's Office is under budget by 24% for the first nine months of the year. Savings in the personnel category is due to positions being hired later in the year than anticipated and lower legal service expenditures have yielded savings in the Town Attorney's Office. Year end estimates indicate the division will be under the amended budget by about 17%.

Town Clerk

The Town Clerk's Office is under budget to date by 14% through the third quarter. Funds were budgeted in 2015 to allow for possible special elections if needed and these funds have not been expended to date. Year end estimates reflect the division under the amended budget by nearly 4%.

Municipal Court

The Municipal Court Division is under budget by almost 9% through the third quarter. An additional court date was included in the 2015 budget and began on May 27th as existing court dates reached capacity. This division is expecting to be 2% under the amended budget at year end as a result of the savings experienced from the additional court date being added mid-year instead of the beginning of 2015.

Finance

The Finance Department is under the year to date budget by approximately 7% as of the end of September. The majority of savings are attributable to position vacancy savings early in the year for the Finance Business Systems Analyst. Year end estimates indicate that the department will be nearly 2% under budget.

Police

The Police Department is under budget by 3% through September. The supplies category is reflecting lower utilization due to fuel savings in the first three quarters of the year. Year end estimates indicate this department will be under the amended budget by less than 1%.

Fire and Rescue

The Fire and Rescue Department is tracking under budget by 7% at the end of the third quarter. The Fire Department has experienced savings primarily due to fewer wildland fire deployments than anticipated and an open Assistant Chief of Accreditation and Emergency Management position budgeted for 2015. A start date for this position is anticipated to occur in the fourth quarter of 2015. Year end estimates indicate this department will be under the amended budget by 1%.

Development Services

The Development Services General Fund Division is under budget by nearly 16% for the first nine months of the year. This department is currently showing savings primarily due to a personnel vacancy earlier in the year. Approximately 5% of the amended budget is anticipated to remain at the end of 2015.

Parks and Recreation

After the first nine months of the year, Parks and Recreation is under the year to date budget by 21%. Personnel savings are largely due to vacancies in positions in the department, including the Parks & Recreation Director and savings in seasonal labor. Additionally, although water usage increased in September, this department has experienced savings for water expenditures to date. Increased precipitation earlier in the year greatly reduced the amount of irrigation that was necessary, which has resulted in water cost savings for Parks & Recreation. Current year end estimates show that this division will be 7% under budget for the year.

Non-Departmental

The Non-Departmental budget, which is under the responsibility of the Finance Department, is approximately 1% under the year to date budget. The Non-Departmental budget includes \$1.2 million that is appropriated for Downtown initiatives. 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 the Non-Departmental division will end the year approximately 8% under budget.

Transportation Fund:

Transportation Fund revenues have exceeded the year to date budget by approximately 8%. Stronger than anticipated revenues are due primarily to higher than budgeted building use tax and motor vehicle tax collections. Transportation Fund expenditures are approximately 6% under the year to date budget due position vacancy savings for the Street Operations and Maintenance Manager. Year end estimates reflect that the Transportation Fund will likely end the year at approximately 3% under budget.

Capital Funds:

Capital funds are generally financed from impact fees and interest earnings. Impact fee revenue is generated from new construction and is dedicated to be used for expenditures that are necessary to support the growing community. All impact fee revenues in Capital Funds show total revenue collections higher as compared to budgets for the first quarter due to increased development. Year end estimates for 2015 are based on a revised projection of 750 single family home and 139 multi-family home permits. A total of 639 single family permits and one multi-family permit with 83 units has been issued in the first nine months of the year.

Parks and Recreation Capital Fund

The Parks and Recreation Capital Fund reflects revenue collections about 5% over budget for the first nine months of the year due to increased impact fee revenue. Grant revenue from Great Outdoors Colorado (GOCO) of \$250 thousand was received in the 3rd quarter of 2015. This fund is under the year to date budget by 39% due to invoice timing related to the construction of additional amenities (core plaza, amphitheater and mill house) at Philip S. Miller Park. In the event that this project is not completed by the end of 2015, unspent funds may be requested to be carried forward in a first quarter budget amendment in 2016. At this time, 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

Revenues in the Municipal Facilities Capital Fund are expected to be higher than budgeted due to increased impact fee revenue related to projected town growth. This fund is less than 1% under budgeted expenditures through the third quarter and is projected to finish the year slightly under 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 more than 2% as the Fire Department is determining when to complete the site assessment. Year end estimates indicate this fund will utilize nearly the entire amended budget with less than 1% remaining. Please refer to Schedule E for more information.

Police Capital Fund

Expenditures are approximately 2% under budget through the third quarter. The Police Department Basement Renovation project is underway with a target completion date of December 31st; however, contractors have until January 15th to complete this project per the contract with the Town of Castle Rock. This project is included in the 2015 budget as approved by Council in the first quarter budget amendment for \$600,000. This includes an interfund loan from the Municipal Facilities Capital Fund for \$270,000. 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

Revenue in this fund has exceeded the year to date budget by nearly 4% 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.

The North Meadows Extension project is the only expenditure item in the Transportation Capital Projects Fund. As of September, expenses for the North Meadows Extension project are approximately \$17.7 million. The \$11.435 million interfund loan repayment will be completed in December 2015. Transportation Capital Fund expenditures are right at the year to date budget for the first nine months of the year. The fund 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 34% due 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, which are expected to be carried forward into 2016. Revenue for this fund is received from Building Use Tax which is trending higher than budget by 14%, for the first nine months 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.

Combined Utility funds system development fee collections are 21% higher than the year to date budget. Metered Water Sales are 6% lower than the budget through September, which is improved from mid-year due to a dry late summer and early fall. Total Utility Fund revenues are projected to exceed the budget by 6% at the end of 2015. 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.

At the end of September, total expenditures are 37% lower than the year to date budget due to timing of capital projects and debt payments. Combined operating expenditures are about 21% under budget. At the end of 2015, the Utilities funds are estimated to be approximately 5% under the operating expenditure budget and about 2% under the total budget.

Golf Course Fund:

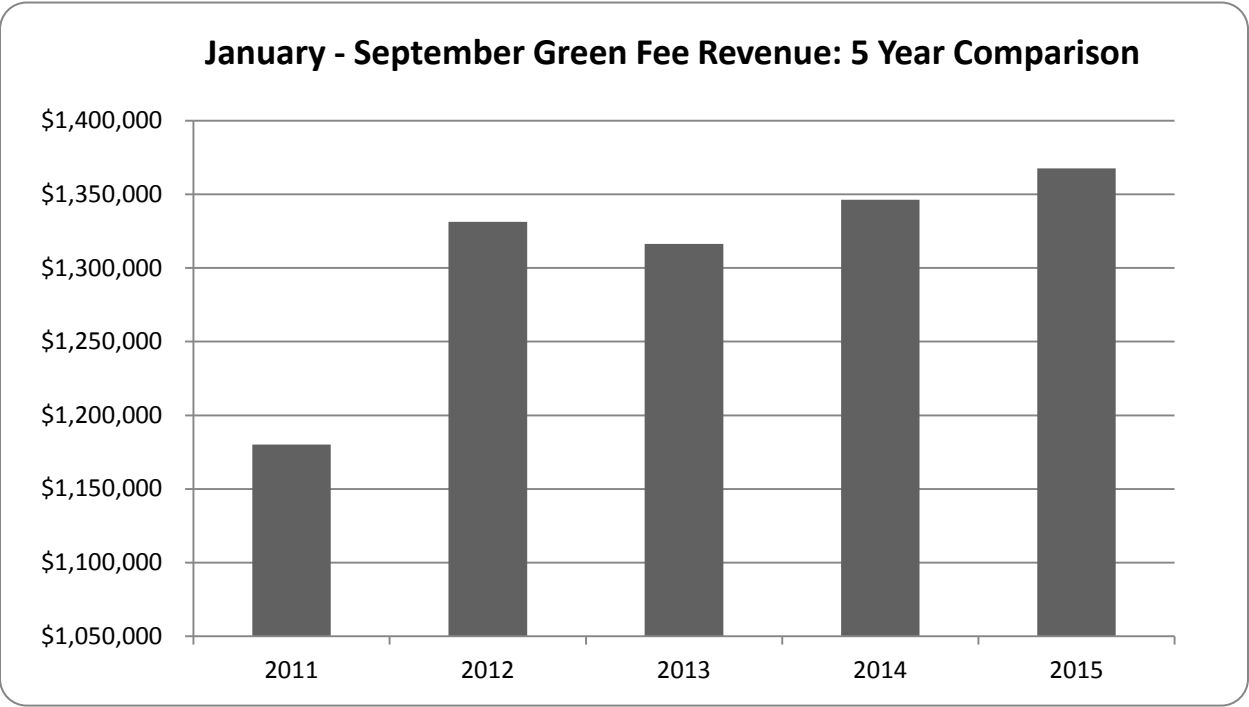
Revenues for the Golf Course Fund are generally subject to seasonality and weather. The presentation of information in the attached financial statements has been adjusted to reflect a more accurate, seasonally adjusted, year to date budget for the Golf Course Fund. Charges for service revenue and operational expenditures, including personnel, services and supplies, have been seasonally adjusted based on actual performance during January to September of the prior three year period.

Revenues through September are less than 1% under the seasonally adjusted budget. Increased play early in the year, combined with favorable playing weather through September, helped to offset an estimated \$100 thousand revenue impact due to higher than usual precipitation in May and June. 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 2015. When compared to 2014, current charges for service revenue is \$71 thousand higher through September; and when compared to 2013, they are about \$130 thousand higher. For 2015, food and beverage sales have increased more than 6% and merchandise sales are 4% greater as compared to the same period of 2014. Despite weather impacts earlier in the year, a total of 31,349 rounds were played through September, representing an increase of 3% over the same period of 2014. Expenditures are 4% under the adjusted year to date budget due to savings in the utility and operating costs. At this time, the Golf Course Fund is projected to end the year within 1% of the annual budget.

As approved by Town Council on October 6th, the existing golf course revenue bonds were refinanced in October 2015. The resulting benefits of this include:

- financing an additional \$800 thousand that will be used for course and clubhouse improvements
- reduced debt reserve requirements
- reduced debt ratio coverage requirements
- reduced annual debt service
- net savings of more than \$430 thousand

The following chart 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:

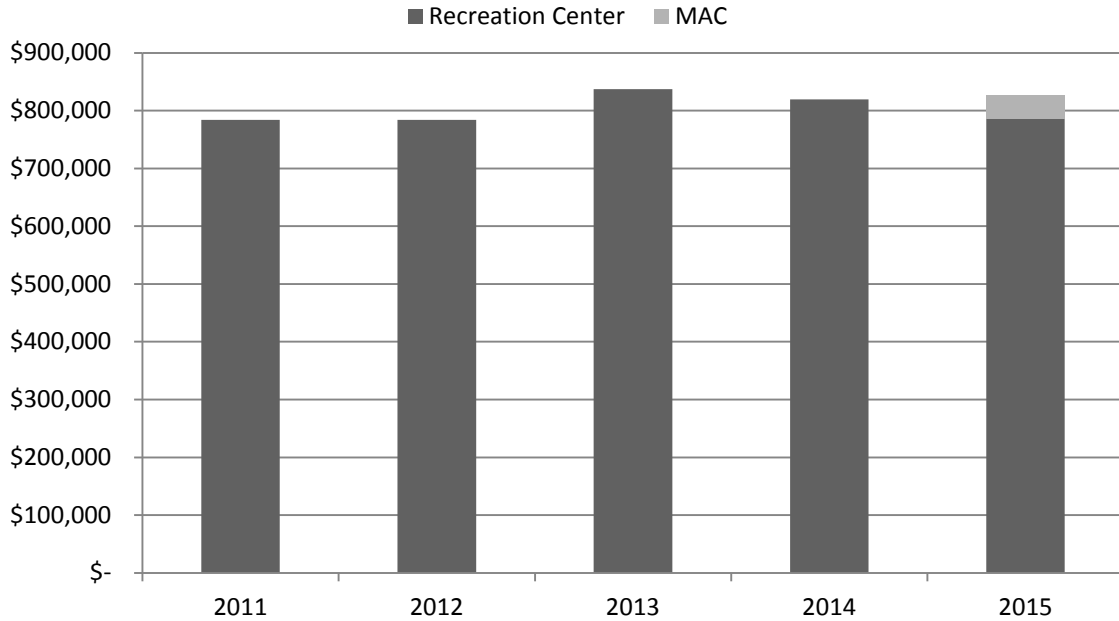
Seasonality affects the revenues and expenses for the Community Center Fund as well. The presentation of information in the attached financial statements (Schedule N) represents a seasonally adjusted budget to date through the third quarter, which includes operational revenue and expenditures for the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

Charges for services in the Community Center Fund are under the seasonally adjusted budget by less than 1% through September. The MAC has generated nearly \$876 thousand in charges for service revenue, representing 30% of the total charges for service revenue received in this fund through September. Total revenue collections are greater than the first nine months of 2014 by 21%, or \$852 thousand, primarily due to revenues received at the MAC, which was not in operation at this time in 2014.

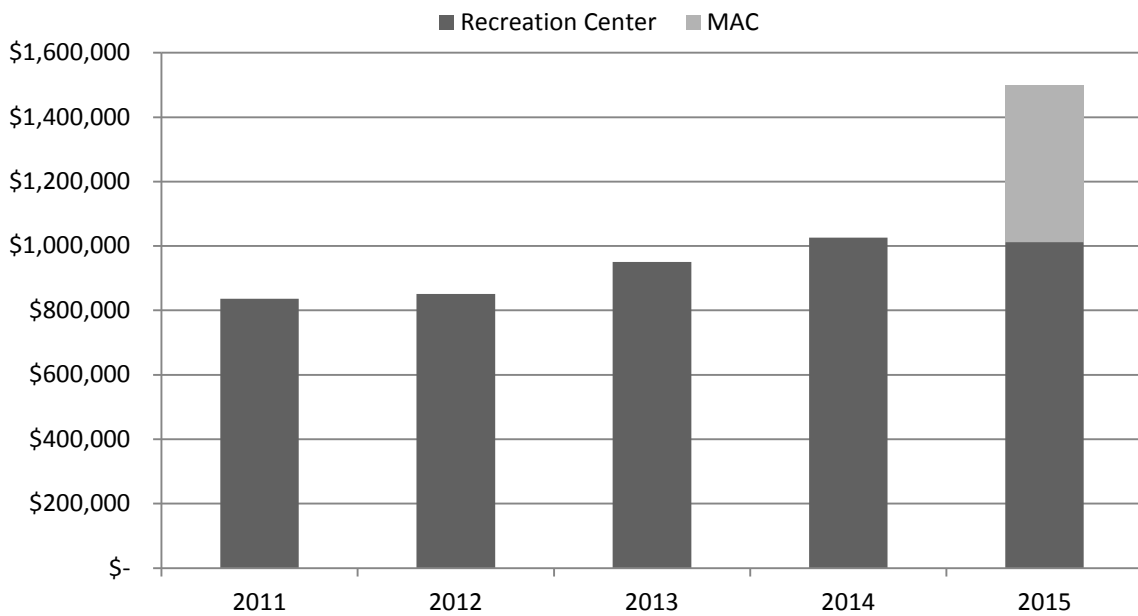
Expenditures for 2015 are under the third quarter budget by about 6%, which is mostly related to timing of capital projects. The MAC, which opened in October 2014, continues to be very popular with 605 birthday parties and over 78,000 individual visits recorded during the first nine months of 2015. Usage of the Recreation Center remains consistent with an increase of nearly 4,000 visits over the same period of 2014.

The following charts illustrate programs and admission revenue (including passes, punchcards and daily admissions) as compared to the first nine months of the past five years for Community Center Fund, including the MAC.

January - September Program Revenue: 5 Year Comparison



January - September Admission Revenue: 5 Year Comparison



Development Services Fund:

Overall revenues received in the Development Services Enterprise Fund to date are slightly under the year to date budget by .1%. Expenditures for the fund are under the amended budget by about 17% through the third quarter due to position vacancies. The Development Services Fund revenue budget is based on an annual projection of 700 issued permits. To date, 639 single family permits and one multi-family project, consisting of 83 units, have been issued. Based on anticipated development for the

remainder of 2015, the year end estimates have been increased to include 750 single family permits and 139 multi-family units. Additional funds were requested and approved in the fourth quarter budget amendment for additional staff resources to maintain levels of service in Development Services. These positions are currently in the process of being hired. The issuance of permits will continue to be monitored throughout the remainder of the year. Please refer to Schedule O for more information.

Employee Benefits Fund:

Revenue is about 4% under the year to date budget due to an approved premium holiday in January 2015, actual benefit selections by Town personnel and position vacancies throughout the year. Expenditures in the Employee Benefits Fund are 4% under budget for the first nine months of the year. Although this fund is projected to finish the year slightly under budget, staff will continue to monitor trends to determine if any budgetary change will be required later in the year due to medical claims cost increases. Please refer to Schedule P for more information.

Fleet Services Fund:

Revenue for the Fleet Services Fund is approximately 3% under the year to date budget through September. Expenditures are under budget by approximately 23% primarily due to the timing of planned vehicle purchases which have yet to occur. There is an additional \$170 thousand in transfers in related to budgeted new vehicle purchases that will be completed once the vehicles are in service. Expenditure estimates show that the fund will be under budget by nearly 11% at year end. Please refer to Schedule Q for more information.

Conservation Trust Fund:

As of September, the Conservation Trust Fund has received 30% of budgeted revenue primarily due to the anticipated timing of the Douglas County Shareback funds which are expected to be requested and 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 4% through September and include a transfer to the Parks and Recreation Capital Fund to contribute to the amenities at Philip S. Miller Park as approved in the first quarter budget amendment process. This fund is projected to be under budget nearly 8% at the end of the year. Please refer to Schedule R for more information.

Philip S. Miller Trust Fund:

Revenue for this fund is on track with the final distribution from the Miller Trust Fund to be received during the fourth quarter of the year. Expenditures in the Philip S. Miller Trust Fund are under the year to date budget by 12% and are currently estimated to be under budget by 7% at the end of 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 through September are at 98%

of the year to date budget for this fund and include installations at the Philip S. Miller Park. This fund is projected to be at 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 under the year to date budget by 8% through the third quarter of 2015. Although under budget at this time, revenue is anticipated to meet budgeted amounts for the year due to continued commercial development in Castle Rock.

This fund is under the year to date expenditure budget by 92%. 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. A transfer out of \$750 thousand is included in the year end estimate to provide for financial obligations in the Public Finance Agreement which are then reserved as reimbursable funds dependent upon construction thresholds attained for the Promenade at Castle Rock. For 2015, this fund is projected to be 40% 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 revenue is received. Although there has been a small amount of revenue generation in 2015, the Police Department does not anticipate any expenditures in this fund through year end as funds are proposed in the 2016 Budget to be used toward body cameras for the police officers. Please refer to Schedule V for more information.

Downtown Development Tax Increment Financing (TIF) Fund:

The Downtown Development TIF Fund was created in 2015 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 expenditures include design fees and legal expenses for Festival Park. Although this fund is expected to be under budget by 75% at the end of the year, the year end estimate may change if additional projects are identified. Please refer to Schedule V for more information.