

2023

FINANCIAL REPORT TO THE COMMUNITY FOR THE YEAR ENDED DEC. 31, 2023



EXCELLENCE ▶ DEDICATION ▶ SERVICE

CRgov.com/Financial-Reports






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.

A home valued at \$663,360 (the median home value in May 2023 per the Douglas County Development Department), paid only \$40.35 in annual property tax payable to the Town in 2024. 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 December 31, 2023. 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

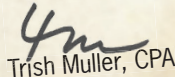

Trish Muller, CPA
Finance Director

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Financial highlights

- The Town's total net position – or net worth – increased by \$75.0 million (5 percent) in 2023.
- As of December 31, 2023, the Town's governmental funds – those supported primarily by taxes and intergovernmental revenues – reported combined ending fund balances of \$137.7 million – a decrease of \$11.3 million as compared to 2022; the unassigned fund balance for the General Fund was \$24.7 million, which consisted of three-months cash reserves of \$16.1 million to cover cash flow requirements and unappropriated funds of \$8.6 million.
- The Town's long-term liabilities totaled \$128.3 million at the end of 2023; the \$6.5 million (5 percent) decrease from 2022 was primarily due to the payment of annual debt service.



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, 2022


Executive Director/CEO

About this report

This Financial Report to the Community provides an overview of the Town's financial position as reported in the 2023 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](https://www.gfoa.org).

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.

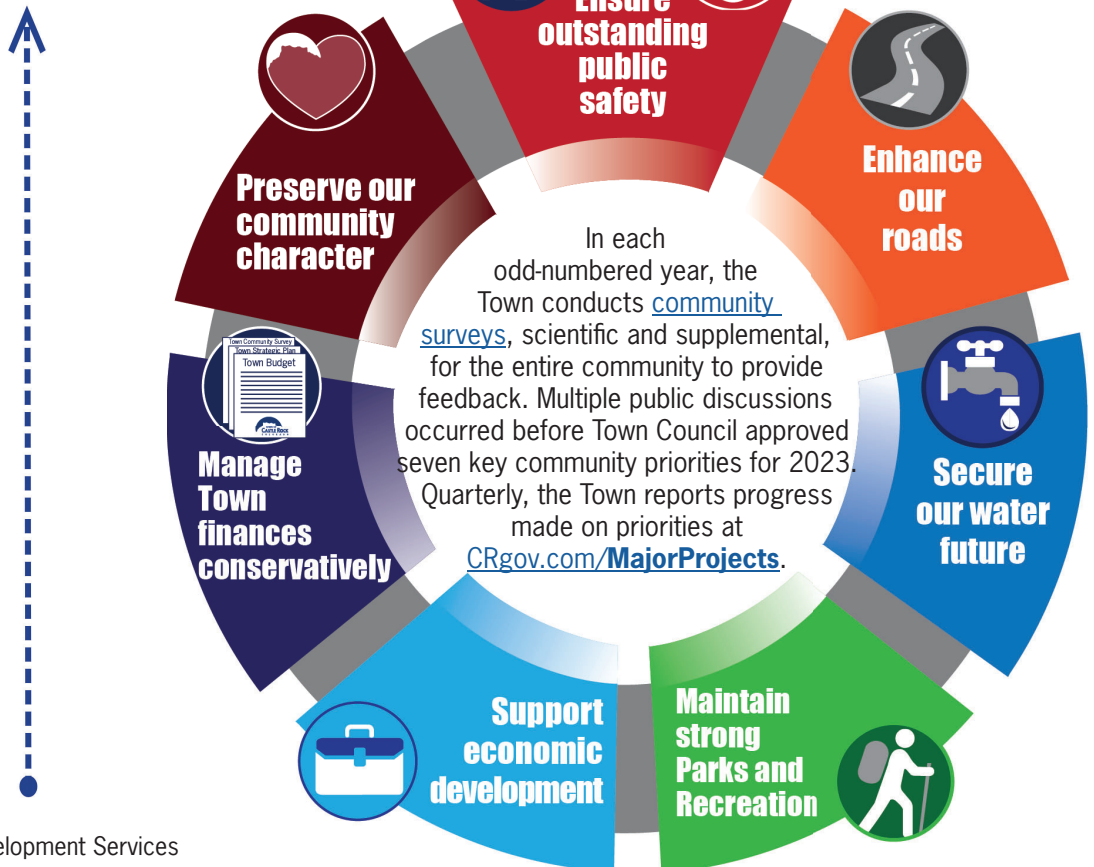


▲ [Castle Rock, Colorado](#)

Year	Estimated population
2023	84,792
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

Source: Town of Castle Rock Development Services

How does the Town focus resources on priorities?

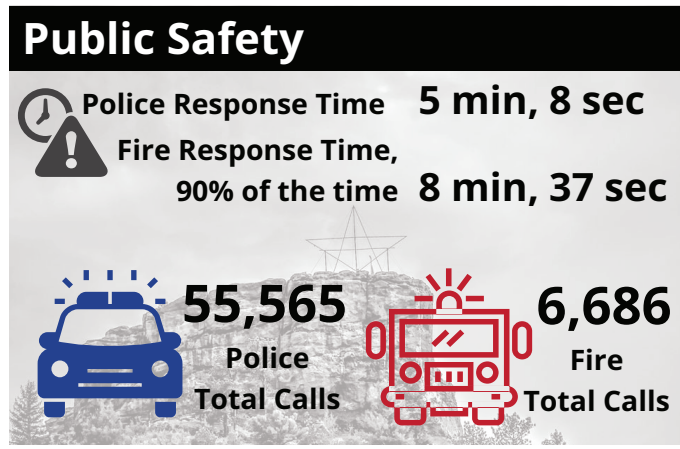




Ensure outstanding public safety



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 92 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 106 full-time staff members providing fire, medical, education, inspections and investigations services.



Please find additional information at CRgov.com/performance

What was accomplished?

- CRFD implemented the HAAS emergency vehicle alerting system in all Fire apparatuses
- CRFD added four Fire and Rescue positions (three firefighter/EMTs and one safety and training officer)
- CRPD added five sworn positions (one Sergeant, two officers and two externally funded officer positions) and three civilian positions (a discovery support technician and two part-time community service officers)
- CRPD completed a renovation of the Department's basement to include the expansion of the locker and fitness rooms, added office and storage space, as well as updated the courtroom to provide ADA compliant restrooms
- CRPD presented Frosty Five-O with an ice cream trailer which allows for increased community engagement



▲ CRPD frosty trailer



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).



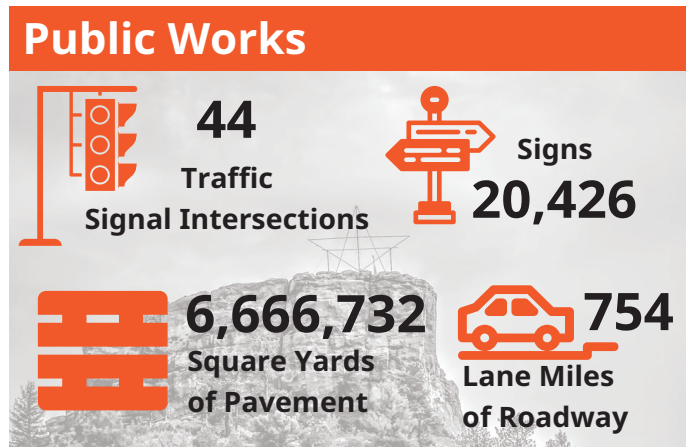
Colorado Firefighter of the Year Award

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



Enhance our transportation

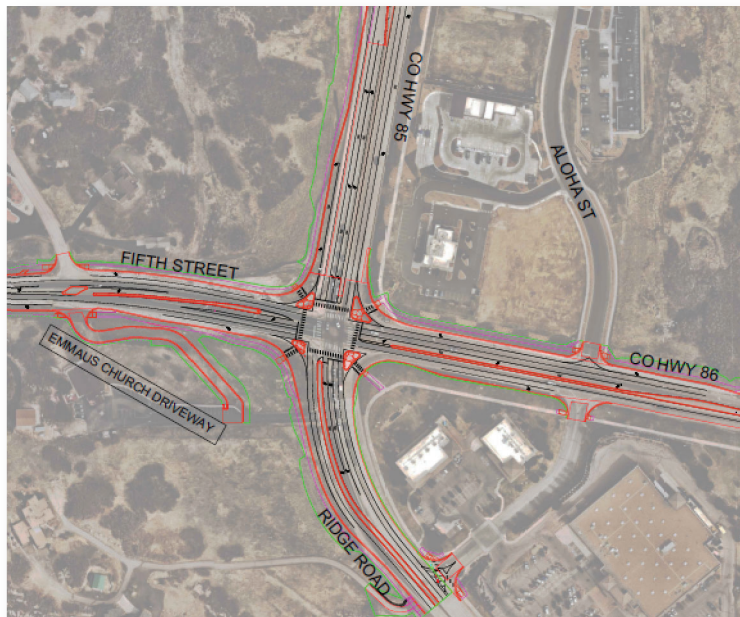
Castle Rock Public Works plans, designs, maintains and repairs 754 lane miles of roadways within Castle Rock, providing a broad range of services to ensure the Town's transportation system can keep pace with growth. Responsibilities include sweeping streets; completing snow and ice removal after storms;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



Please find additional information at CRgov.com/performance

What was accomplished?

- Completed \$17.1 million 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
- Completed the widening of Ridge Road from Plum Creek Parkway to the "Four Corners" intersection which added two lanes between 5th Street and Plum Creek Roundabout, a sidewalk, bicycle lanes, and improved pedestrian safety



▲ Four corners intersection



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 upgrades to the water billing system and online payment portal
- Upgraded aging water, sewer and stormwater infrastructure in Craig & Gould and Prestwick neighborhoods
- Completed the East Plum Creek Reach 6 stormwater stabilization project
- Implemented the ColoradoScape ordinance eliminating turf in front yards and limiting turf in backyards for new residential homes
- Completed 30 percent design of the expansion of the Plum Creek Water Purification Facility from six million gallons per day to twelve million gallons per day
- Installed advanced metering infrastructure (AMI) monitoring and reading equipment to utilize for certain business functions

Castle Rock Water

Customer Calls

(approx.)
23,587

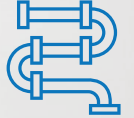


4,773
Hydrants



2.950
Billion Gallons
Treated

517
Miles of
Distribution Lines



Please find additional information at CRgov.com/performance



▲ Advanced Metering Infrastructure (AMI) antenna



Environmental Leadership Award

Castle Rock Water continues to receive top honors 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.



Multi-State Salinity Coalition

Recognition for water quality with the advancements in technologies for desalination, reuse, salinity control strategies, water/energy efficiencies, and related public

policies that assist communities in meeting water needs.

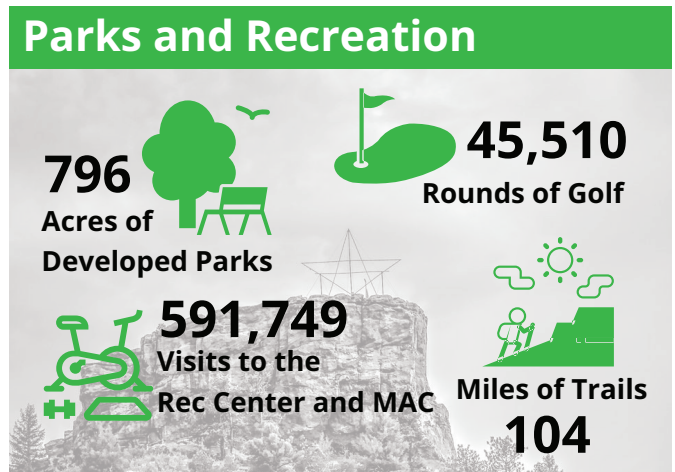


Maintain strong Parks and Recreation

Castle Rock Parks and Recreation manages 24 well-planned parks, 3,461 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?

- Added a putting green at Red Hawk Ridge Golf Course
- Completed the Colorado Front Range Trail within Castle Rock, adding three new segments in Cobblestone Ranch, Terrain and Montaine to connect recreational trail users and commuters to even more locations throughout Town and the Front Range
- Added a position in parks planning using proceeds from the voter-approved lodging tax
- Town Council approved an agreement with Barker Rinker Seacat Architecture to develop the design and construction documents for a proposed Sports Development Center; pending project approval. Construction will likely commence in 2024-2025
- Completed the renovation of Butterfield Park, featuring new basketball and pickleball courts, enhanced gathering spaces and shade structures, improved accessibility and lighting, new walking paths and trail connections, an outdoor fitness course and the fully-inclusive Possibilities Playground



Please find additional information at [CRgov.com/performance](https://www.crgov.com/performance)



▲ Possibilities Playground at Butterfield Park



Best place to go for outdoor fun

The Philip S. Miller park has won each consecutive year since 2018. 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.

Best party venue for little kids

The MAC is an awesome place to host a party with designated party rooms, a giant-play structure with a 23-foot slide, beam floor games, indoor trampolines, turf fields and a leisure pool with slides.

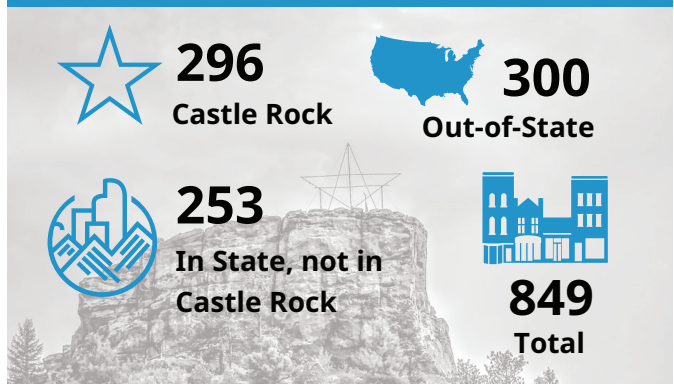


Support economic development

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	6%	1,500-2,250
Douglas County School District	2	4%	1,000-1,500
Town of Castle Rock	3	3%	750-1,000
Castle Rock Adventist Medical Campus	4	2%	501-750
Castle Rock Homes/Keller Williams (Combined)	5	1%	400-550



Median household income
Source: U.S. Census Bureau

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



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 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.



2023 State of the Town

Since closing on the Cantril School, the historic building has been getting some updates. With the completion of some minor cosmetic improvements like painting and floor refinishing, several dance, theater, and art classes have moved from the Recreation Center to the Downtown facility. Programming will increase incrementally as updates are made, including the addition of an Americans with Disabilities Act-accessible restroom and lift.



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 December 31, 2023 was \$1.5 billion. The Town's net position increased by \$75.0 million (5 percent). The governmental net position increased by \$45.1 million (3 percent), and the business-type net position increased by \$29.9 million (3.6 percent). These increases reflect the planned accumulation of funds for future projects.

Net position as of Dec. 31 in thousands	Governmental		Business-type		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 187,236	\$ 201,070	\$ 204,606	\$ 220,773	\$ 391,842	\$ 421,843
Capital assets	521,547	472,737	760,566	716,117	1,282,113	1,188,854
Total assets	708,783	673,807	965,172	936,890	1,673,955	1,610,697
Deferred outflows of resources	13,597	7,389	200	357	13,797	7,746
Liabilities						
Long-term liabilities	46,525	46,056	81,804	88,739	128,329	134,795
Other liabilities	25,936	23,002	11,897	7,200	37,833	30,202
Total liabilities	72,461	69,058	93,701	95,939	166,162	164,997
Deferred inflows of resources	6,376	13,730	2,143	1,649	8,519	15,379
Net position						
Net investment in capital assets	478,624	427,363	686,050	654,546	1,164,674	1,081,909
Restricted	63,904	84,646	-	-	63,904	84,646
Unrestricted	101,015	86,399	183,478	185,113	284,493	271,512
Total net position	\$ 643,543	\$ 598,408	\$ 869,528	\$ 839,659	\$ 1,513,071	\$ 1,438,067

Summary of activities

The following table reflects a condensed summary of activities and changes in net position. Governmental revenues decreased by \$2.7 million (1.6 percent) due to moderate sales tax growth, offset by less than anticipated use tax collections. Governmental expenses increased by \$15.8 million (15 percent) primarily due to the annual Pavement Maintenance Program (PMP). Business-type revenues decreased by \$25.6 million (19 percent) largely due to a reduction of \$15.3 million in the amount of developer contributed assets, a reduction of \$16.5 million in system development fees due to fewer permits issued, offset by a modest increase in revenue from fees and other sources. Expenses increased by \$5 million (6.8 percent) due to increased operating expenses and increased depreciation of \$1.1 million.

Summary of activities as of Dec. 31 in thousands	Governmental		Business-type		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Charges for services	\$ 23,015	\$ 25,218	\$ 62,998	\$ 65,135	\$ 86,013	\$ 90,353
Operating grants and contributions	11,780	18,059	-	-	11,780	18,059
Capital grants and contributions	31,521	30,341	36,287	66,455	67,808	96,796
Property taxes	2,492	2,250	-	-	2,492	2,250
Sales and use taxes	77,845	79,494	4,066	4,124	81,911	83,618
Other revenues	20,416	14,375	7,095	354	27,511	14,729
Total revenues	167,069	169,737	110,446	136,068	277,515	305,805
Expenses	122,898	107,085	79,613	74,569	202,511	181,654
Transfers	964	270	(964)	(270)	-	-
Change in net position	45,135	62,922	29,869	61,229	75,004	124,151
Net position, beginning of year	598,408	535,486	839,659	778,430	1,438,067	1,313,916
Net position, end of year	\$ 643,543	\$ 598,408	\$ 869,528	\$ 839,659	\$ 1,513,071	\$ 1,438,067

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

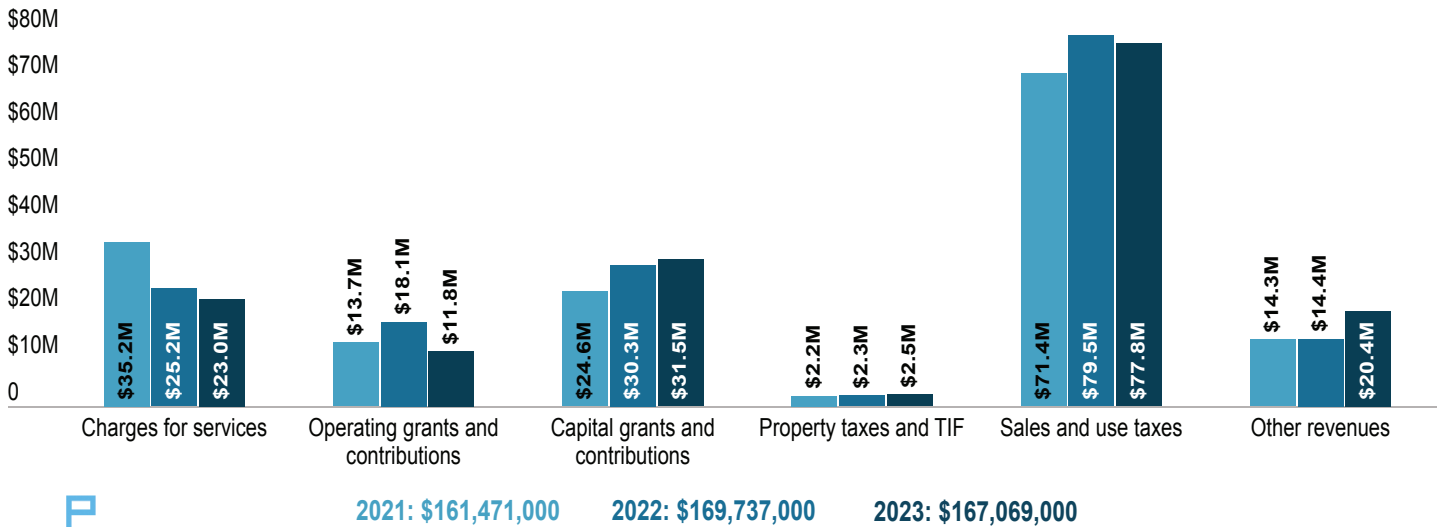
Financial results



Governmental activities revenue

This chart shows governmental revenue activities by source.

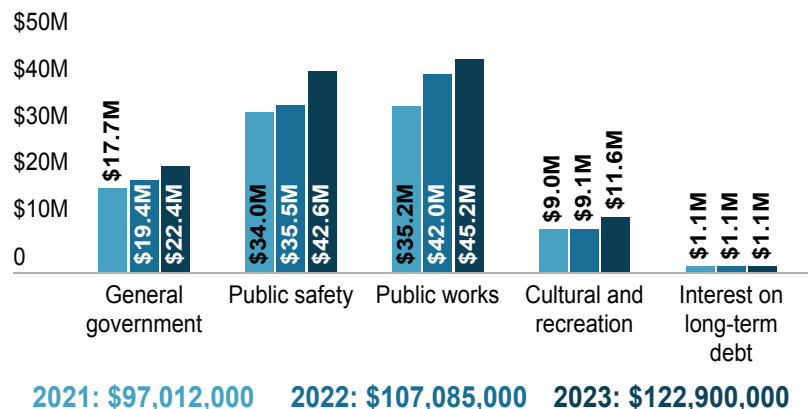
- Sales taxes provide 42 percent of the total revenue for governmental activities. The decrease in sales and use tax revenue of \$1.7 million is due to a modest increase in sales tax of \$2.4 million or 3.3 percent, offset by a decrease of \$3.9 million or 35 percent, in use tax due to a slow down of growth within the Town.
- Program revenues – including charges for services, grants and contributions – provide 40 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 decreased grants and contributions, total program revenues decreased \$7.3 million or 10 percent.
- Only 2 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 35 percent of all governmental-type expenses.
- Public works accounts for just over 37 percent of all governmental-type expenses.
- The \$15.8 million (15 percent) increase in governmental activity expenses from 2022 resulted primarily from increased PMP costs, depreciation related to continued investment in capital assets (\$3.0 million), personnel costs (\$4.9 million), and an increase to service and supply costs.



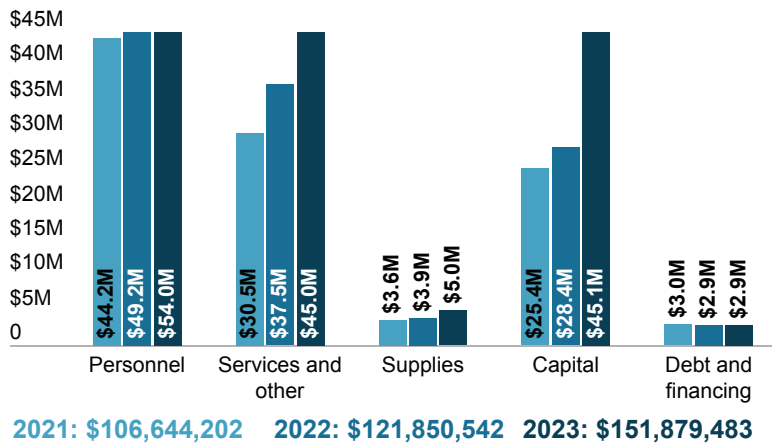


▲ Yoga in the park at Philip S. Miller Amphitheater



Governmental funds expenditures by type *

- Daily governmental functions include paying for operational costs such as salaries, supplies and services.
- Governmental personnel costs for 2023 include 459 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.



*Information presented on modified accrual budgetary basis

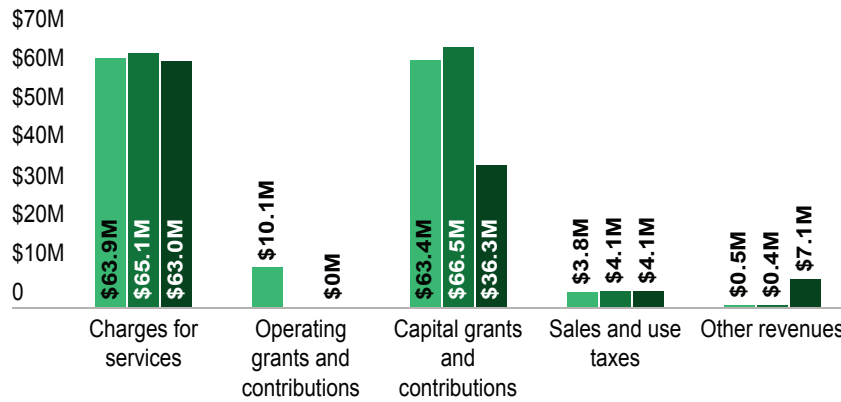
Financial results



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 \$25.6 million (19 percent) decrease in business-type activity revenues from 2022 is primarily due to a reduction of \$13.6 million in the amount of developer contributed assets, a reduction of \$16.5 million in system development fees due to fewer permits issued, offset by a modest increase in revenue from fees and other sources.



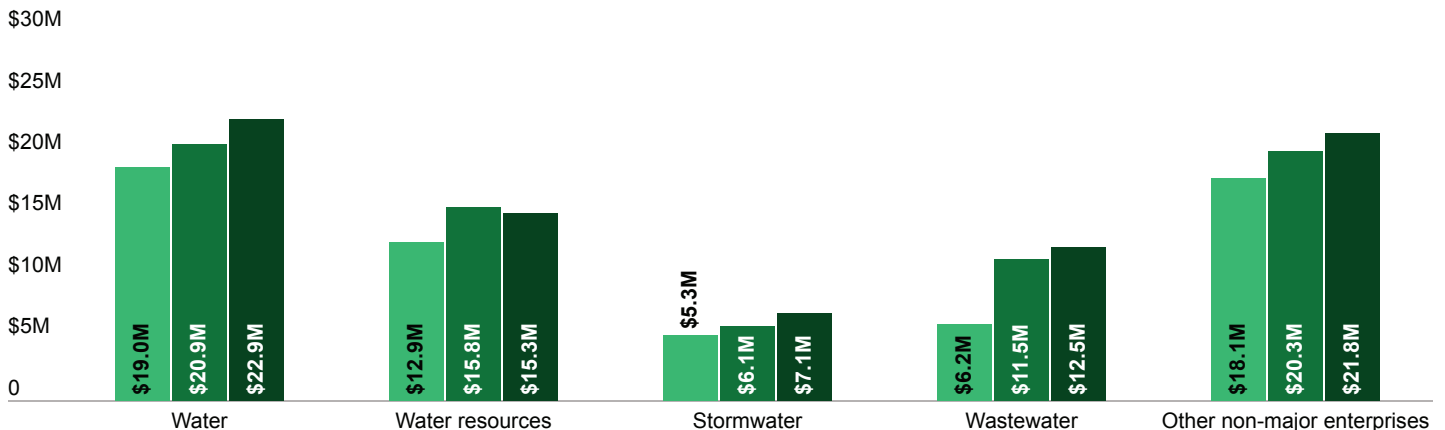
2021: \$141,744,000 2022: \$136,068,000 2023: \$110,446,000



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 \$5 million (7 percent) increase in business-type activity expenses from 2022 is primarily due to increased operating expenses and increased depreciation of \$1.1 million.



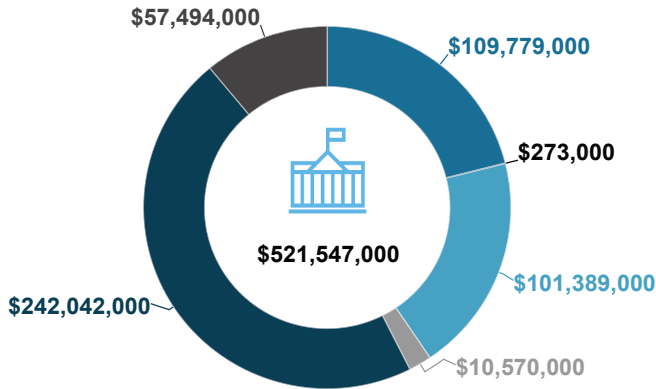
2021: \$61,528,000 2022: \$74,569,000 2023: \$79,613,000

Financial results

Capital assets (net of depreciation)

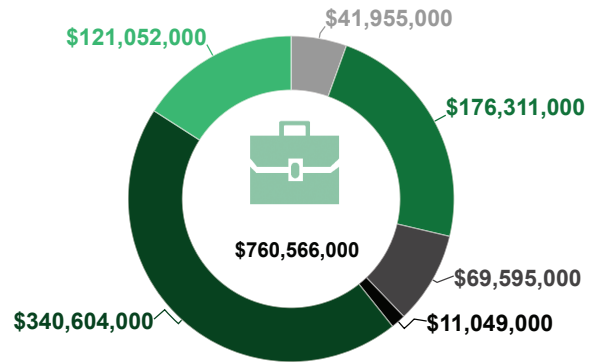
The Town had significant investments in infrastructure in 2023. Major capital asset events included renewable water projects, and design and construction of transportation projects.

Governmental activities



- Land/easements/right of ways (21.0%) ● Artwork (0.1%)
- Buildings/improvements/other (19.4%)
- Machinery and equipment (2.0%) ● Infrastructure (46.4%)
- Construction in progress (11.1%)

Business-type activities



- Land/easements/right of ways (5.5%) ● Water rights (23.2%)
- Buildings/improvements/other (9.2%) ● Machinery and equipment (1.5%) ● Infrastructure (44.8%)
- Construction in progress (15.8%)

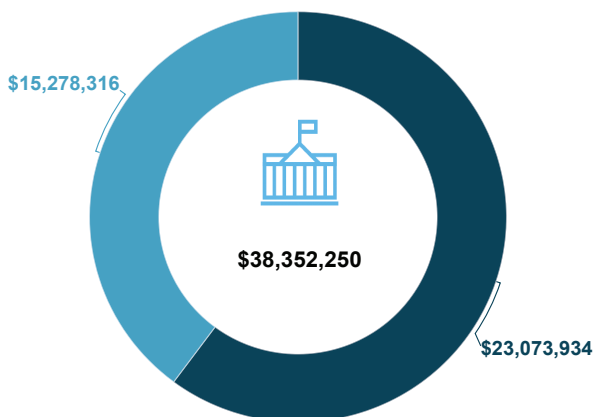
Outstanding debt

The Town's total long-term debt decreased by \$9.1 million, or 7 percent in 2023, due to scheduled annual principal payments.

The Town has no general obligation bonds outstanding.

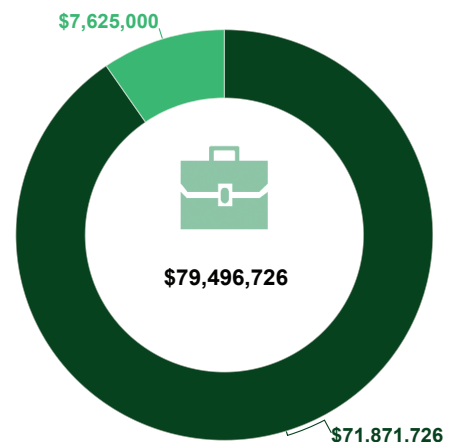
The credit position for Castle Rock is very strong, and its Aa1 rating is above the U.S. city median of Aa3. The rating reflects a very healthy financial position, a considerable tax base and an affluent socioeconomic profile. A strong credit rating makes the Town more attractive to potential investors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

Governmental activities



- Revenue bonds (60.2%) ● Certificates of participation (39.8%)

Business-type activities



- Revenue bonds (90.4%) ● Notes payable (9.6%)

Investments

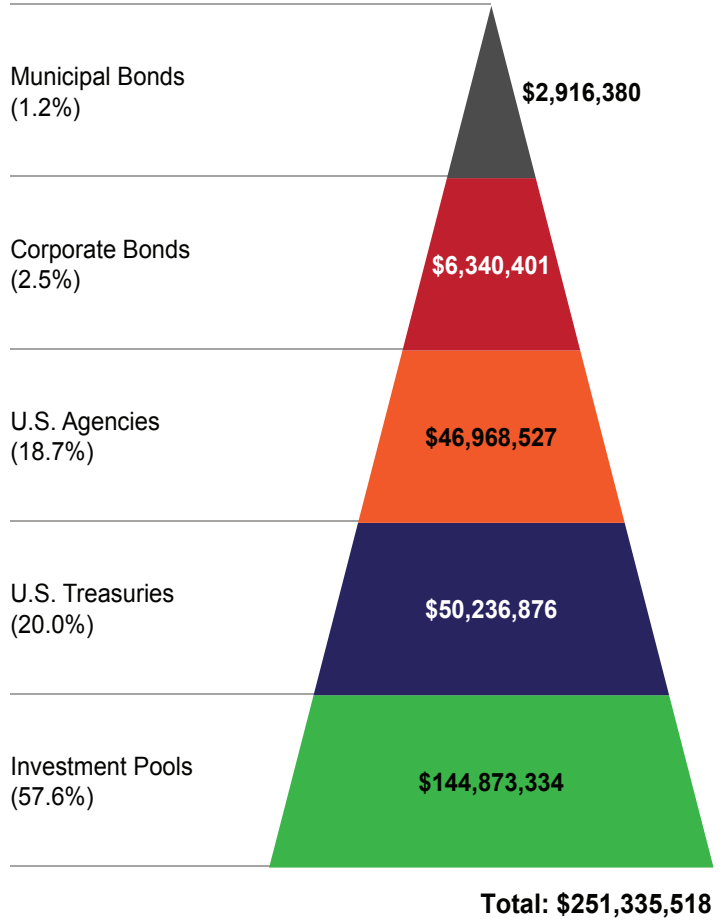
The Town maintains a conservative investment policy.

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

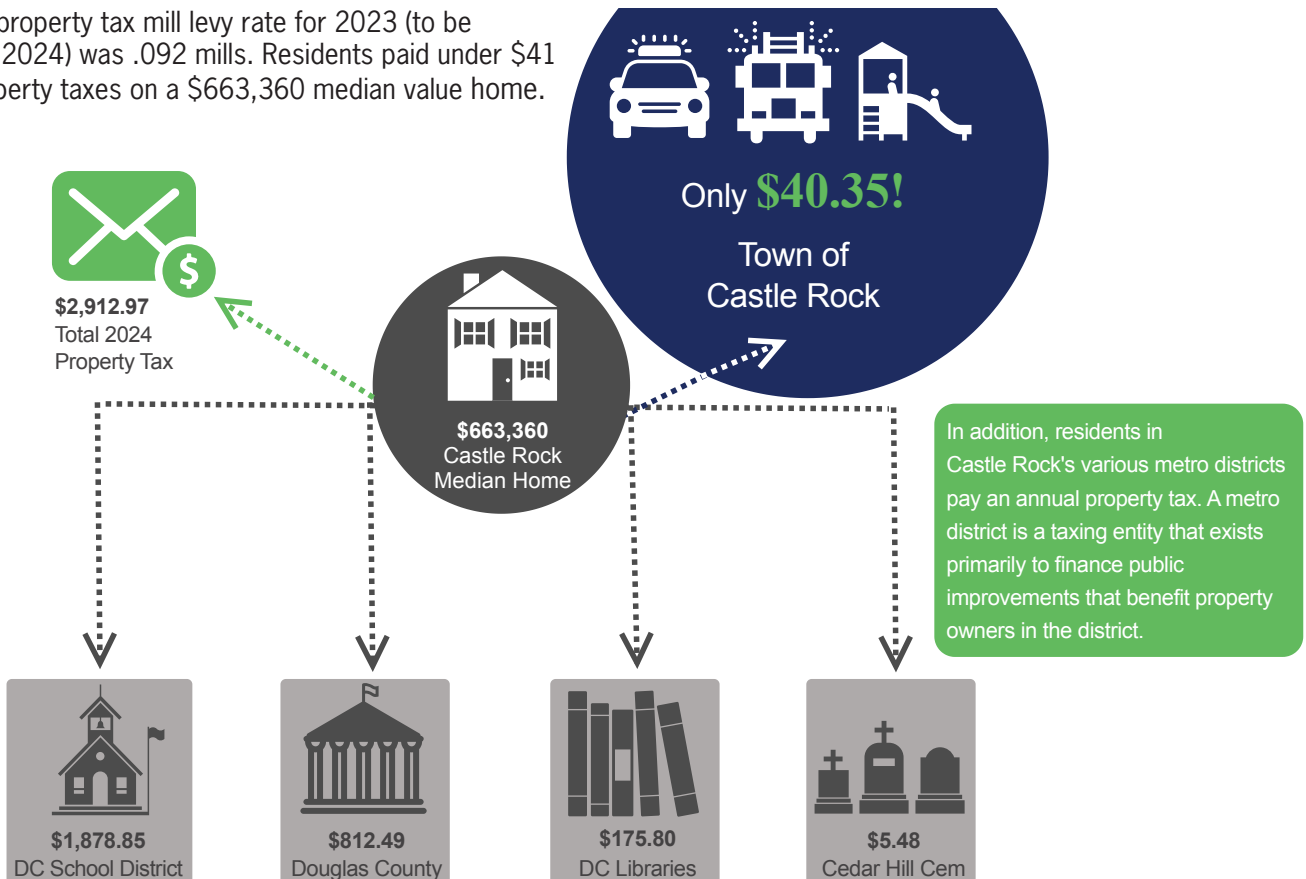
Did you know?

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 2023 (to be collected in 2024) was .092 mills. Residents paid under \$41 in Town property taxes on a \$663,360 median value home.



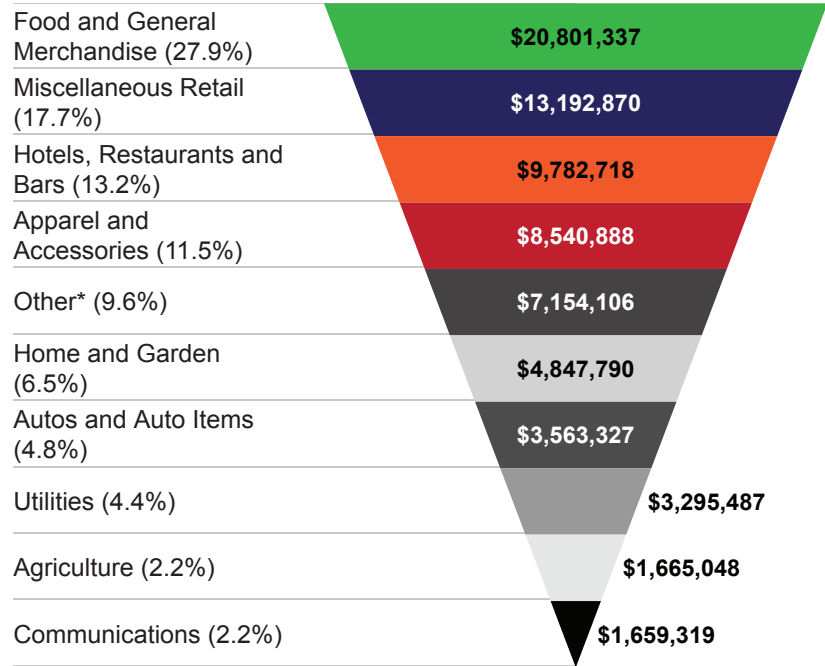


Supporting local businesses builds community character. Castle Rock strives to maintain a high-quality business environment that includes unique locally-owned stores in historic Downtown.



 Supporting local business

Which industries generate the most sales tax?



*Other: Furniture and Home Décor, Leasing and Rentals, Audit & Collections Revenue, Services, Wholesale and Manufacturing

Total: \$74,502,890

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

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

