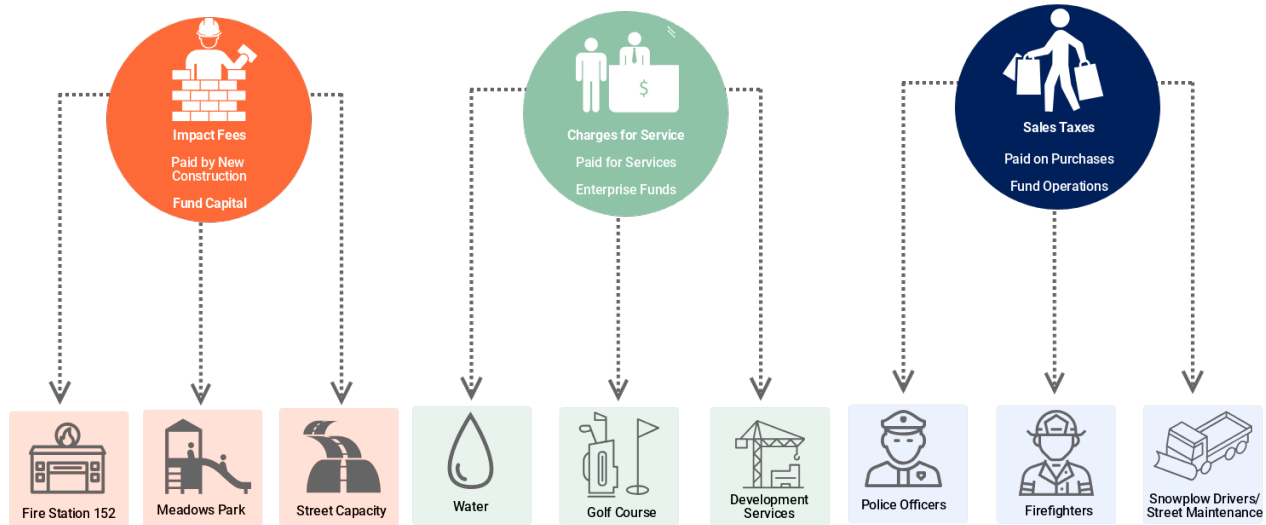


Financial Reporting

Town of Castle Rock financial management and reporting involves numerous complexities and requires Townwide effort of departments and staff. This 2025 Third Quarter Financial Review includes revenue, expenditure, fund balance, and reserve information by fund as well as on a Townwide perspective. The Town's budget includes 27 different funds with a variety of revenue sources, of which, several have restrictions for how the funds can be spent. The Town's revenue sources, and their respective uses, are represented below for reference.

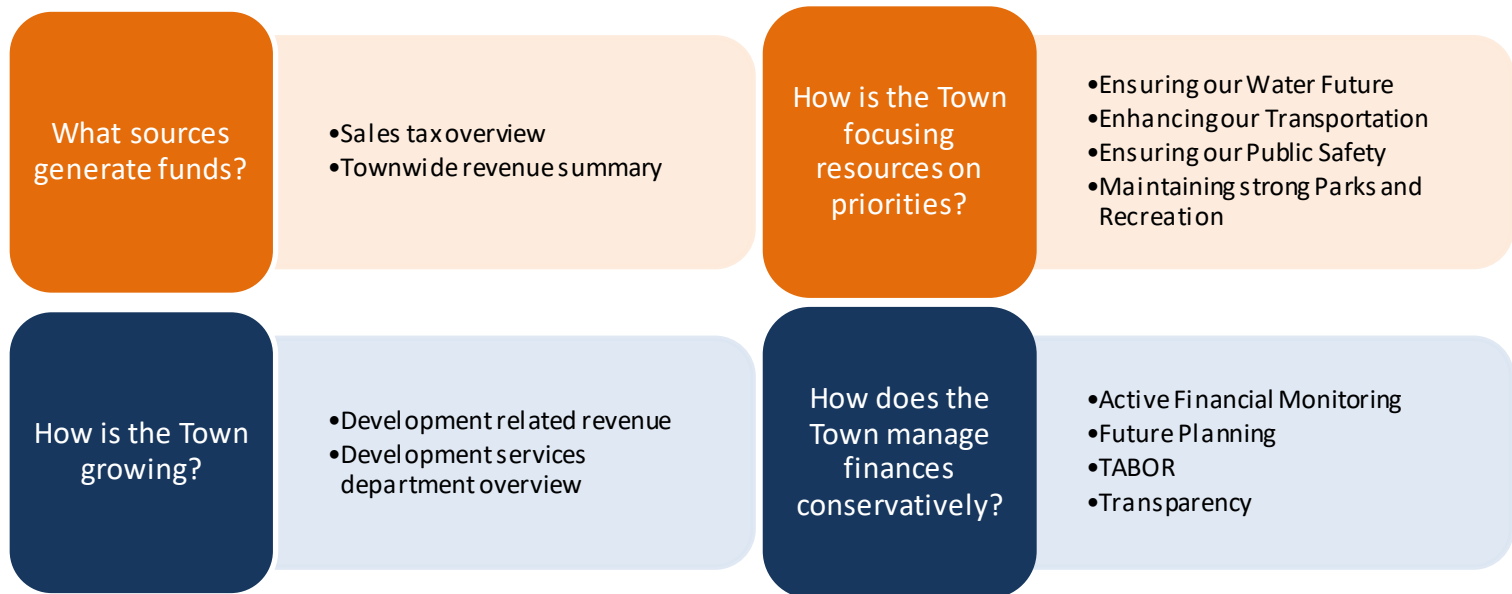
Review of the Town's finance structure:

For a review of the Town's Finance Structure- watch this [video](#)



* The Community Center Fund, which supports the Rec Center and MAC, receives both charges for service and sales tax revenue

The following pages provide a summary of the Town's financial performance through the third quarter of 2025 and detailed financial schedules in Attachment A, Sales Tax collections by category and geographic area in Attachment B, and the Town's investment summary in Attachment C.

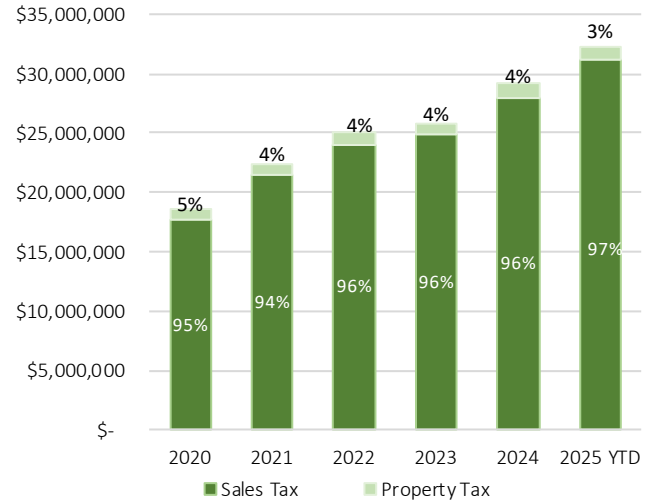


What sources generate funds?

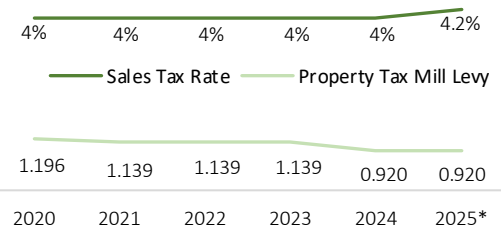
Sales and property tax

- Gross Town collected sales tax reported from licensed businesses through September 30, 2025 was 16.3 percent greater than 2024, this increase includes the .2% public safety sales tax as approved by voters. Information related to historical, geographical, and industry sales tax collections can be found in Attachment B
- The top three geographic areas for sales tax were Out of State, Milestone/Metzler, and the Promenade, making up about 46 percent of sales tax collections
- The top three industries for sales tax remittance for the third quarter of 2025 include miscellaneous retail, food and general merchandise, and restaurants and bars, making up approximately 61 percent of sales tax collections
- There were 8,757 active business licenses issued by the Town as of September 30, 2025, 27 percent of which are located in Castle Rock
- Property tax collections for 2025 reflect a mill levy assessment of .920 mills

General Fund Sales vs. Property Tax Collections
Period Ending September 30, 2025



Sales Tax and Property Tax Rate
2020 through 2025



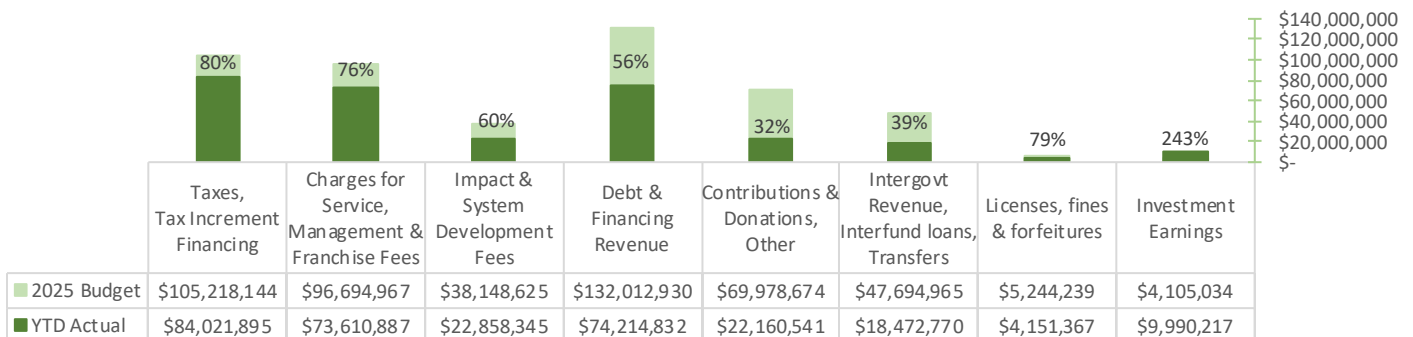
*Beginning in 2025 the voters approved an increase to the sales and use tax rate of 0.2% which is set aside for public safety expenditures

Detailed financial information, including the Town's various revenue sources, can be found in the schedules in Attachment A.

Townwide Revenue

Tax revenues including sales, property, use, motor vehicle, and other taxes, make up about 21 percent of the Townwide 2025 revenue budget, with Town collected sales tax making up 79 percent of the total tax revenue budget. However, there are several other revenue sources, such as water fees, that support Town services. Through the third quarter of 2025, Townwide revenues are about 38 percent under budget, which is mainly attributable to planned debt issuances for Castle Rock Water and Interfund Loan transfers that do not occur until the end of the year.

2025 Townwide Revenue By Category

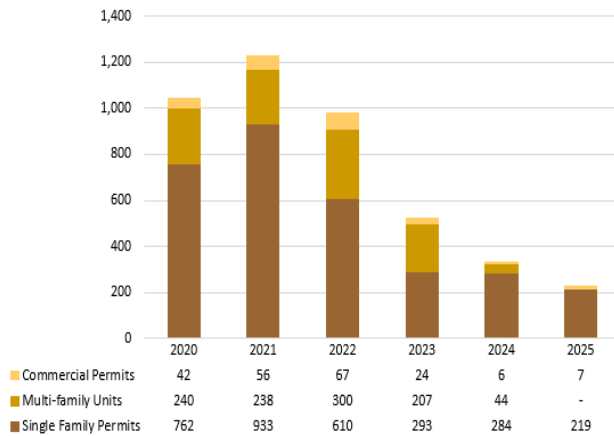


How is the Town Growing?



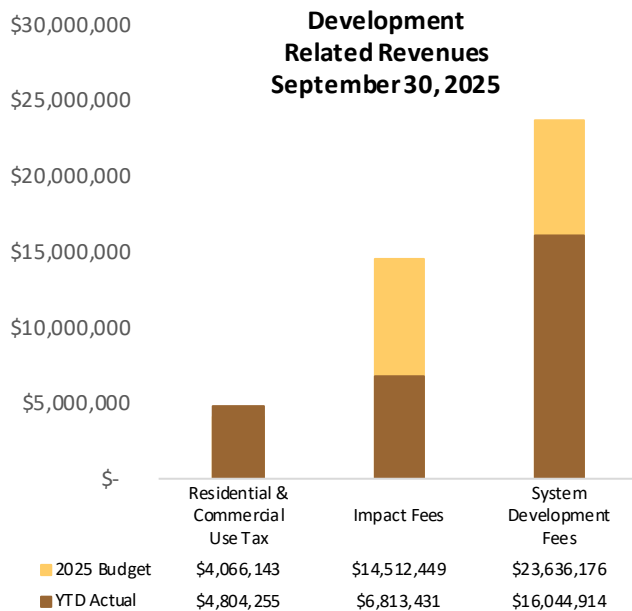
Revenues earned from development in Castle Rock are generally used to help fund growth related projects across the Town. The 2025 Budget for development-related revenue was based on 400 single family permits, 110 multi-family units, and 80,000 sq ft of commercial projects. The expected number of single family, multi-family, commercial, and other development permits issued determine budget amounts for growth related revenues such as impact fees, system development fees, building use tax and (water) tap fees. Actual development revenue received by fund varies based on the number and type of permits issued and the size, type, value, and water need of the specific project. Through the third quarter of 2025, the Town has issued 219 single family permits, 0 multi-family permits, and 7 commercial project permits.

Building Permit Issuance Through Q3 2020-2025



Building use tax is levied at 4.2 percent on materials used in construction. The 4 percent general allocation of residential use tax is received into the Transportation, Transportation Capital, General Long-Term Planning, and Community Center Funds while commercial use tax is received into the Economic Development Fund. The .2 percent allocation of sales tax is received into the Public Safety Fund and set aside for public safety expenditures.

Impact fees and system development fees are charged as part of the building permit process and is used to fund needs related to growth, including Municipal Facilities, Parks and Recreation, Fire, Police, Transportation, and Castle Rock Water. As of September 30, 2025 single family permits and multi-family permits are under the YTD budget.



Actual development related revenue received varies based on type, size, valuation, tap size, and other factors. This chart displays the actual revenue received in 2025 for these fees. Impact fees and system development fees are all under the YTD budget due to lower than estimated licenses and permits, however, use tax is trending above the YTD budget due to the higher than anticipated valuation of the residential and commercial permits. These fees and taxes are one-time revenues for capital expenditures as they do not support reoccurring expense.

The Development Services Department oversees development in Castle Rock. This department is funded partially in the General Fund and General Fund expenses are 1 percent under the YTD budget for 2025. The Development Services Enterprise Fund's revenue is trending over the YTD budget by about 30 percent which can be attributed to higher than anticipated plan reviews and inspections. Development Services Fund expenditures are 21 percent under the YTD budget, which is due to savings in vacant positions within the department, services & other, and supplies.

Development Services Enterprise Expense

YTD Actual	2025 Budget
\$4,589,284	\$7,874,547

To see more detailed financial information about Development Services, please see Schedules A and B in Attachment A.

How is the Town focusing resources on priorities in 2025?



Ensuring our water future

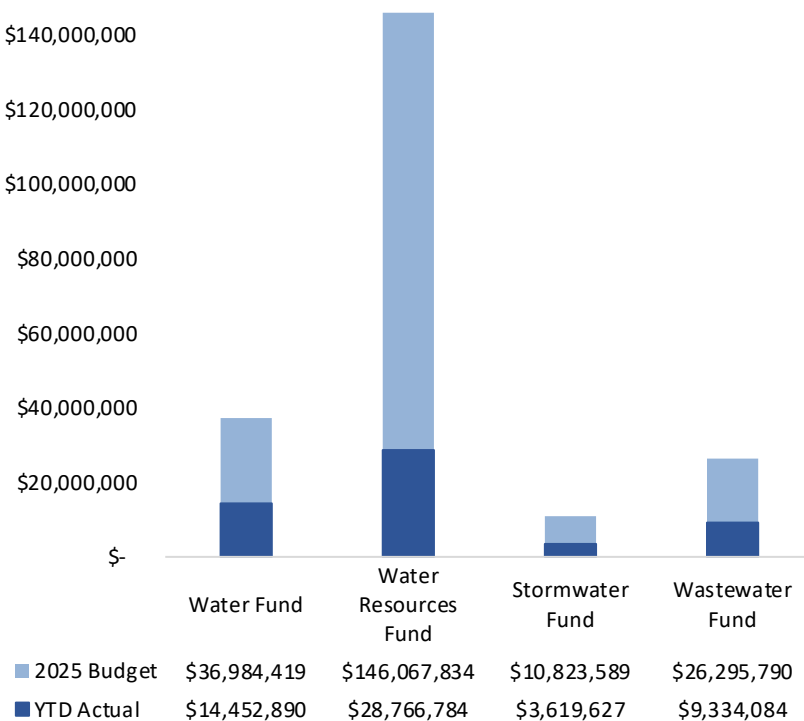
Castle Rock Water is comprised of four enterprise funds – Water, Water Resources, Stormwater, and Wastewater. Existing and new users support these funds. Revenues in these funds are seasonal and highly variable based on temperature and precipitation throughout the year. Expenditures in these funds include operational costs and significant capital projects to accommodate infrastructure maintenance and needs in our growing community. Capital expenditures make up 74 percent of the total Castle Rock Water annual expenditure budget.

Through September 30, 2025, total revenues for Castle Rock Water Funds combined are 4 percent over the YTD budget due to charges for service which can be attributed to higher seasonal water usage, as well as higher than expected investment earnings. Total expenses in the four Castle Rock Water Funds are 62 percent under YTD budget for 2025, mainly due to timing of multiple water capital projects, listed below. Capital projects often take multiple years to complete due to the timing of the project or the size and scope of the project.

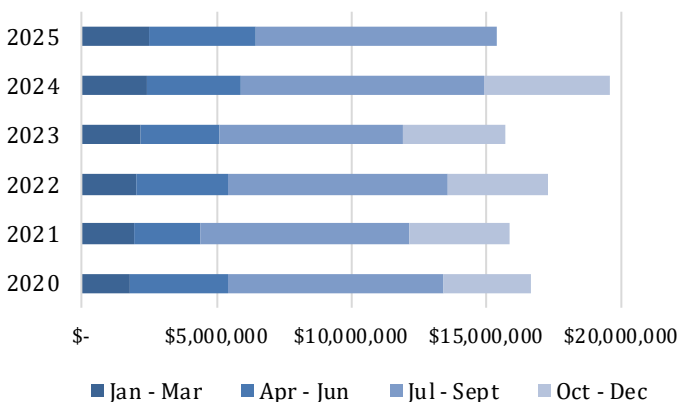
Significant 2025 Castle Rock Water projects include:

- Design of the Plum Creek to Rueter-Hess Pipeline \$180,000,000
- Continued WISE infrastructure design and construction
- Platte Valley Water Partnership Water rights acquisition \$160,000,000
- Construction of the Castle Rock Reservoir expansion \$140,000,000
- Reconstruction of Diversion and Stream stabilization along East Plum Creek \$120,000,000
- Design of the Sedalia Lift Station and Force– Main Hwy 85 \$100,000,000
- Design of the Front Street to Downtown Waterline \$80,000,000

Castle Rock Water Funds Expense Period Ending September 30, 2025



2020-2025 Metered Water Sales by Quarter



To see more detailed financial information about Castle Rock Water, please see Schedules C-F in Attachment A.



Enhancing our transportation

The Public Works Department manages Castle Rock transportation infrastructure, with budgeted expenditures in the Transportation (general operational costs) and Transportation Capital funds (one-time growth related projects). The Transportation Fund supplements the capital fund to support the construction of growth-related projects when appropriate and funds are available. Transportation expenditures tend to be seasonal, related to construction seasons for both maintenance and new construction.

Total expenditures through the third quarter of 2025 in the Transportation Fund were 26 percent under the YTD budget, this is mainly attributable to the timing of expense for the Pavement Maintenance Program and the Traffic Signal Program. The Transportation Capital Fund expenditure are approximately 66 percent under the YTD budget, this to the timing of capital projects listed below.

Significant ongoing projects include:

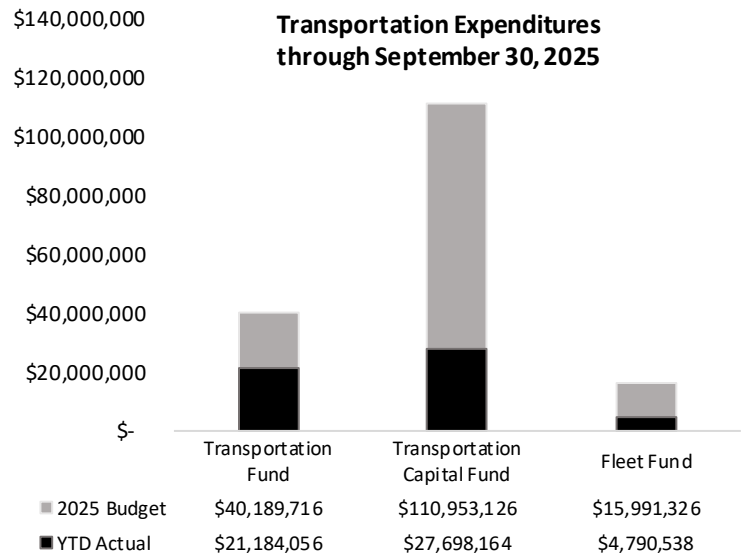
- Crystal Valley Interchange
- 5th Street widening
- Wolfensberger Widening
- Improvements at Highway 86 and 5th Street
- Crowfoot Valley Rd Widening

Transportation Fund revenues include sales tax, Highway User Tax, residential use tax, and other resources. Total Transportation Fund revenues through the third quarter is about 10 percent over the YTD budget while the Transportation Capital Fund revenues are 47 percent under the YTD budget, this can mainly be attributed to the timing of revenue for the Crystal Valley Interchange. (See schedules G and H in Attachment A for more detailed financial information for transportation.)

The Parking Fund was created in 2020 to fulfill the Town's obligation to fund 308 public parking spaces within the Encore parking garage and other future town parking projects. This fund is overseen by the Finance Department. See schedules Y in Attachment A for more detailed financial information.

The Public Works Department also manages the Town's Fleet Fund. This internal service fund maintains 600 vehicles and pieces of equipment. Annually staff evaluates and monitors vehicles to determine optimal replacement schedules. Through the third quarter of 2025, 13 new vehicles and 18 replacement vehicles were purchased and of those 24 were placed into service. Funds are accumulated from user departments over time to pay for vehicle replacements while capital funds are typically used for the initial purchase of a new vehicle. Fleet Fund expenditures are 60 percent under the YTD budget which is due to the timing of new and replacement vehicle purchases. Revenue in the Fleet Fund is about 7 percent under the YTD budget due to the timing of transfers in to the Fleet fund for new vehicle purchases.

To see more detailed information about the Fleet Fund, see Schedule I of Attachment A.



Ensuring our Public Safety

The Police and Fire departments operate within the General Fund while growth-related Police and Fire capital expenses are included in the Police and Fire Capital Funds. Replacement items for public safety are expensed out of the General Long Term Planning Fund (GLTP), and the TABOR Fund will provide funding for future public safety projects. The Police and Fire departments also benefit from the Public Safety Fund which was established in the 2024 election to account for the additional .2% Sales and Use Tax to be used exclusively for public safety expenditures. Charts on this page represent public safety operations within the General Fund based on 2025 financial information.

Public safety operations



The Fire Department 2025 Budget includes:

- The design and partial funding of construction costs of Fire Station 156 in the Fire Capital Fund.

General Fund Fire and Rescue expenditures are 10 percent under the YTD budget.



The Castle Rock Police Department 2025 Budget includes funding for:

- Radios for the department funded through a transfer from General fund into General Long Term Planning fund

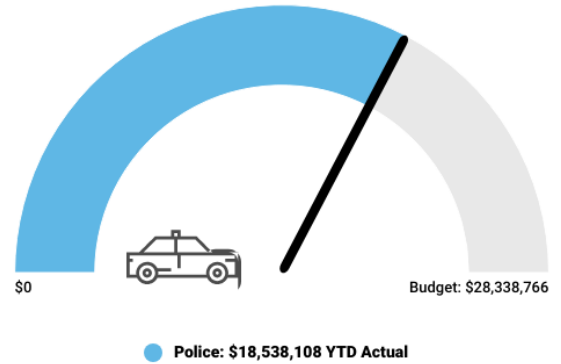
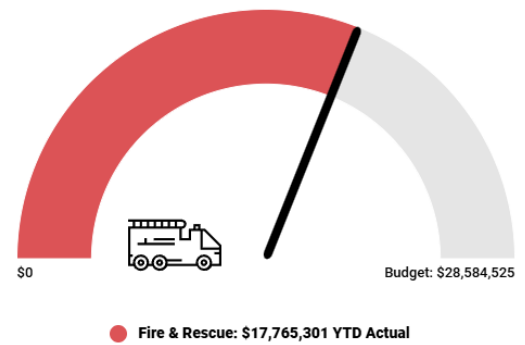
General Fund Police Department expenditures are 9 percent under the YTD budget.

Capital funds

Capital expenditures related to growth for public safety are funded through the Fire Capital and Police Capital Funds using impact fee revenue received from new development in Castle Rock. Expenses in Fire Capital are 93 percent under the YTD budget. This is primarily due to the timing of the design and construction of the new Fire Station. Expenses in the Police Capital Fund are on track with the YTD budget.

Learn more about public safety financial performance, and view the detailed financial schedules as of September 30th, 2025 in Attachment A – Schedules A, J, K, L, and ZZ.

Public Safety General Fund Expenditures
September 30, 2025



Fire Station 155



Castle Rock Police Department



Maintaining strong parks and recreation

Castle Rock Parks and Recreation oversees Town open space, developed parks, Red Hawk Ridge Golf Course, the Miller Activity Complex (MAC), Recreation Center, outdoor pools, and special events. Budgets for these areas are included in multiple funds discussed below. Various revenues including sales tax, user fees, statewide lottery distributions, Douglas County shareback funds and grants, as available and awarded, support Parks and Recreation.

Parks operations

The General Fund includes ongoing parks maintenance and operations. Parks General Fund through the third quarter is 58 percent under the YTD budget, this is mainly due to the timing of trail improvements.

Parks Projects

Parks and Recreation also utilize Conservation Trust and Parks and Recreation Capital funds for projects. The capital fund can only be used for growth-related projects. The Parks and Recreation Capital Fund through the third quarter is 4 percent under the YTD budget due to the timing of one-time expense related to the new Sports Development Center. The Conservation Trust Fund, supported by state lottery proceeds and field rental revenue, is 43 percent under the YTD budget due to timing of multiple park improvements that are planned throughout Town.

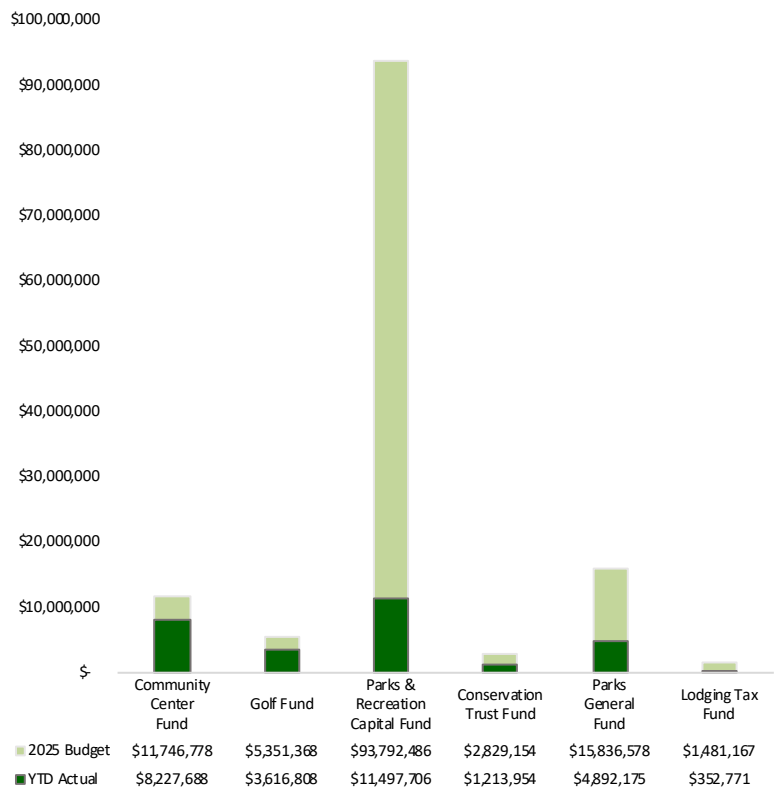
Recreation

The Community Center Fund accounts for operations at the Recreation Center, MAC, and outdoor pools. Visits to the Recreation Center through the third quarter totaled 177,861, an increase of 9 percent compared to 2024, while MAC visits totaled 41,915 a decrease of 18 percent from third quarter of 2024. A significant portion of these variations can be attributed to the 2024 closure of the Recreation Center Leisure Pool. During this closure Recreation Center members and pass holders could use their Recreation Center passes at the MAC. Current expenditures are 17 percent over the YTD budget while revenues are 25 percent under YTD the budget. A budget amendment to account for the increase in expense was presented to Council in October.

Golf

The Golf Fund is an enterprise fund that does not receive tax revenue. Through the third quarter of 2025, expenditures are on track with the YTD budget, while revenue is 15 percent over the YTD budget. Through the third quarter 59,515 rounds of golf were played which is an increase of 12.5 percent from third quarter of 2024.

**Parks & Recreation Expenditures
As of September 30, 2025**



Detailed financial information for Parks and Recreation can be found in Attachment A-Schedules A, M, N, O, P, and Q.

Other Town funds and Initiatives

In addition to the specific priorities previously discussed, the Town manager utilizes other funds that help support economic development, community character, long-term municipal facility funding, and employee benefits. These funds support Town Council direction and responsible long-term Town management.

Supporting economic development



The Town's Economic Development Fund is supported by commercial building use tax and focuses on creating primary employment jobs, expanding the tax base, and maintaining an outstanding business climate in Town. Economic Development Fund revenue is 94 percent over the YTD budget mainly due to higher than estimated valuation of commercial permits. Expenditures are 13 percent under the YTD budget.

Tax-increment funds (TIF) from Downtown Castle Rock fund the Downtown Development Authority Tax Increment Financing Fund (DDA TIF) which is used to support downtown improvements. The DDA TIF Fund revenue is 3 percent under the YTD budget due to timing of accounting distributions for the fund. Expenditures are 41 percent under the YTD budget mainly due to timing of projects such as The View and Downtown Improvements. Current initiatives funded by these areas include:

- | | |
|--|---|
| <i>Economic Development Fund (Attachment A – Schedule R):</i> | <i>DDA TIF Fund (Attachment A – Schedule S):</i> |
| <ul style="list-style-type: none"> • Saunders incentive agreements • Castle Rock Outlet Mall – Infrastructure upgrades | <ul style="list-style-type: none"> • Encore/Downtown parking garage maintenance • The View Economic Assistance payments • Mercantile |

Community character



Funding from the Philip S. Miller Trust, received into the Philip S. Miller Trust (*Attachment A - Schedule T*) and the Public Art (*Attachment A - Schedule U*) funds, supports, and maintains Castle Rock's character. Philip S. Miller Trust funds support special community events managed by Parks and Recreation, provide non-profit grant funding, produce annual firework show display at Independence Day and Starlighting events (weather permitting), and fund service contracts with the Castle Rock Museum and Senior Center. Revenue in the Philip S. Miller Trust is 2 percent under the YTD budget and expenditures are 4 percent under the YTD budget. The Town utilizes the Public Art Fund to support projects recommended by the Public Art Commission which includes the annual Art Encounters program that leases new artwork on an annual basis for display around the community and for purchasing artwork.



Art Frame by the Rec Center

Town facility and employee support

An important part of ongoing Town management consists of supporting Town facilities and employees. As the Town grows, the need for facility space grows. The Municipal Facilities Capital Fund (*Attachment A – Schedule V*) uses impact fee revenue received from new development to support facility growth. Revenues are 32 percent under the YTD budget through the third quarter of 2025 and there have been no expenditures in the Fund through the third quarter. The General Long-Term Planning Fund (*Attachment A – Schedule W*) supports general Town facility and asset replacement. Revenue in the fund is 47 percent over the YTD budget through the third quarter due to higher than expected use tax. Expenditures are 63 percent under the YTD budget due to timing for projects such as parking lot repairs, Police drone replacements, and emergency medical services equipment for the Fire Department.

The Employee Benefits Fund serves to administer the Town's medical, dental, and vision health benefit plans – including employee contributions, premium, and claim costs – and the employee wellness program, all in support of approximately 635 benefit eligible employees. Revenue is 8 percent over the YTD budget and expenditures are on trend with the YTD budget. *For more financial information about this fund, see Attachment A – Schedule X.*

How does the Town manage finances conservatively?

The Town continually works to manage Town finances conservatively and ensure that taxpayer funds are prudently expended in support of Town priorities. This multifaceted effort includes:

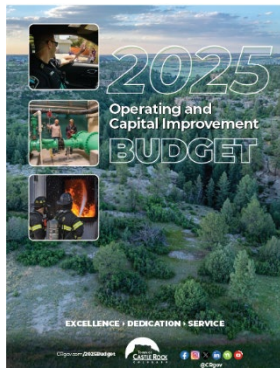
- Ongoing monitoring of revenues and expenditures
- Future budgeting and long-term planning
- Taxpayer Bill of Rights (TABOR) assessment
- Financial transparency

Financial monitoring

In addition to quarterly reporting, Finance Department staff:

- Reviews line-item financial information each month
- Analyzes performance compared to budget
- Reconciles Town accounts monthly
- Performs periodic audits to ensure accuracy and appropriate use of funds
- Collaborates with departments to manage

Future planning and investments



Long-term financial planning is incorporated into Town decision-making and is included in the Town's budget process. Each year, the Town adopts a one-year budget and approves a five-year balanced financial plan and five-year capital improvement program. The longer-term plans guide future decision-making and are based on projected available resources. The 2025 Budget was adopted by Town Council on September 17th, 2024 and can be found [here](#). The 2026 Budget was adopted by Town Council on October 21, 2025 and can be found [here](#).

Townwide investment earnings increased \$2,709,146 in the third quarter of 2025 for a total of \$7,870,164 total investment earnings year to date which reflects \$65,071 in investment professional service costs. Information about the Town's

investments can be found in Attachment C, this information may vary from other reported investment information due to timing differences between budget and cash investment reporting.

TABOR

Voters approved a temporary, 10-year timeout of the State's TABOR revenue restriction, to allow the Town to use any "excess" funds through 2030 solely for police, fire and roads. This is especially important to the Town's ability to construct the needed interchange at Interstate 25 and Crystal Valley Parkway. In 2024, the Town had a surplus of over \$93M.

Did you know ...

The Taxpayers Bill of Rights (TABOR), Amendment X of the Colorado Constitution, restricts the Town's revenue collection. Amendment X specifically and significantly addresses the following issues:

- 1) imposes revenue limits
- 2) requires elections for tax changes and increases or new bonded debt
- 3) requires emergency reserves, and
- 4) prohibits multiple fiscal year financial obligations.

Transparency

The Town's financial information is available for review on the Town's Transparency Portal (CRgov.com/transparency).

The Financial Information section includes:

- Annual budgets, including previous years
- Capital fund reporting (impact fees)
- Financial reporting
- Check and vendor listings
- Pay table information
- Unclaimed property
- Stale-dated check

For questions about Town financial information, please contact finance@CRgov.com