



Meeting Date: April 4, 2017

AGENDA MEMORANDUM

To: Honorable Mayor and Members of Town Council
From: Trish Muller, Finance Director
Title: Preliminary 2016 Unaudited Year-End Financial Review

Executive Summary

Transparency and financial reporting are critical to the Town of Castle Rock as demonstrated in this Preliminary 2016 Unaudited Year-End Financial Review. The following review includes discussion and financial information regarding the Town's overall financial condition through 2016 and related status updates on key strategic priorities.

Overall, the financial condition of the Town continues to be strong. Preliminary year-end information indicates total Town revenues across all funds are 3.4% over the 2016 budget. Strong sales tax revenues coupled with higher than anticipated commercial and multifamily growth related revenues contributed to these revenue figures. Similarly, Town-wide expenditures are under the 2016 budget by about 34% or approximately \$124 million. The difference in budget to actual expenditures is primarily attributable to the timing of major capital projects. Unspent capital funds in 2016 total \$117 million. The Town routinely accumulates funds in order to accommodate significant capital projects, but planning, design and construction often spans multiple years. Unspent capital funding related to continuing projects will be carried forward into 2017 as part of the first budget amendment.

Although greater discussion is included in this memo for numerous factors that contributed to the successful financial picture of the Town, below are additional items of note based on preliminary 2016 financial information which are discussed in more detail on the following pages:

- General Fund expenditures are about 5% under the 2016 budget. These estimated savings are primarily attributable to:
 - Personnel savings at 3.4% under budget
 - Services & Other savings at 5.9% under budget
 - Supplies savings at 16% under budget
 - Capital savings at 41.4% under budget
- Development activity remains strong with impact fee, system development fee, and use tax revenue to end 2016 about 19% higher than budget. These fees are assessed as part of the permitting process to meet infrastructure needs caused by growth (roads, parks, trails, and recreation, water and wastewater lines). Also

related to development activity, building permit revenues, including building renovations and improvements, are about 7% higher than in 2015.

- Significant progress toward the goal of bringing 75% renewable water to Castle Rock is occurring, with total renewable water expenditures in 2016 of about \$14.8 million. These projects include approximately \$8 million for the Box Elder Farm purchase, \$1.9 million for the Plum Creek Central Well Field project, and \$1 million for the Plum Creek South Well Field project. Significant funds will be carried forward to 2017 due to the variable timing of capital projects. Total requested renewable water carryforward is \$51.6 million, including the WISE project at \$27.5 million, \$12.4 million for the Alternative Source of Supply project and \$10.8 million for the purchase of infrastructure and assets in Douglas County.
- Planning in 2016 for other significant projects included the design of a new fire station in Crystal Valley Ranch planned for construction in 2017, construction of the redevelopment of Festival Park and construction of the addition to Town Hall.

This report includes:

- Preliminary 2016 year-end actual information for revenues and expenditure. Final numbers may change due to year-end processing and any audit adjustments.
- Incorporation of all Town Council approved 2016 budget amendments.

Discussion

Financial reporting for the Town is a team effort between Finance, Department Managers and staff. This reporting process assists with the ongoing financial monitoring efforts for revenues and expenditures. This Preliminary 2016 Unaudited Year-End Financial Review is a snapshot of the year's financial activity in comparison to the 2016 amended budget. As demonstrated by the following information, departments continue effective and responsible management of the Town's finances.

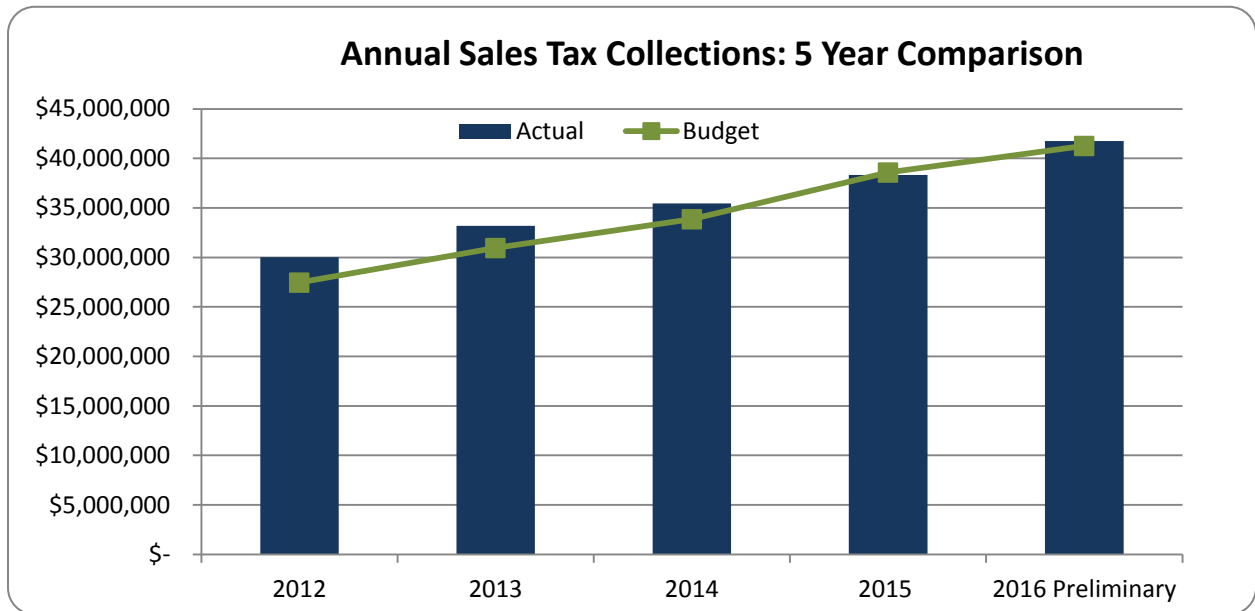
The funds most affected by growth revenues associated with increased development are transportation, capital funds, Castle Rock Water, the Economic Development Fund and the Development Services Enterprise Fund. There were 752 single family permits in 2016 along with multi-family development that included 380 units. In addition, 79 new commercial permits were issued through the end of the year.

Preliminary year-end financial information indicates that the Town will likely not have a Taxpayer Bill of Rights (TABOR) surplus for 2016. The current financial information may change as a result of final year-end accounting entries and may be affected by the annual audit. Any revenue changes resulting from these items may change the TABOR position for 2016. The final TABOR calculation is expected to be available in spring 2017 and will be reported to Council at such time.

Financial Impact

Sales Tax:

Sales tax revenue, collected at the 4% rate, ended 2016 up by 8.9% over the prior year. Total Sales Tax Revenues collected in 2016 amounted to \$41,753,600. 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. The chart that follows illustrates a comparison of activity for the past five years of total sales tax collections. Please refer to Attachment B for Sales Tax collection information by categories and geographical areas.



Sales Tax Program Statistics

Business Licenses:

To a degree, variances in the number of licenses are seasonal, and tend to be higher during the holiday season and summer. Current licenses as of the end of 2016 total 3,939 (1,872 in Town) and there were roughly 140 accounts left to renew for 2017. An overall increase of 6% occurred in 2016 as compared to the same period in the prior year.

Business Reporting Sales Tax:

Businesses are required to 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:

Monthly tax liability	Sales Tax payment
>\$300	Monthly
<\$300	Quarterly
>\$ 10	Annually

Delinquency:

On a monthly basis, there are roughly only 30 accounts out of the 3,939 total accounts, or less than 1% 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 Sales Tax Division manages business accounts through a proactive renewal process and active management of account delinquencies. The delinquent amount owed to the Town on a monthly basis is about \$50,000. It is important to note that this amount changes monthly and will fluctuate during the holiday and summer seasons along with any businesses under a payment plan contributing to this amount, as well.

Delinquency Collection Revenue:

The Sales Tax Division works proactively with businesses to determine the most effective way to collect delinquent sales tax with payment plans typically utilized only in extreme cases. The Town collected \$176,492 in delinquency revenue for fourth quarter of 2016. Total delinquency revenue for 2016 is \$709,502.

Sales Tax Audits:

On average, there are 40 audits in process per month. In total, there were 50 active audits in process in the fourth quarter 2016. The Sales Tax Division has billed 3 audits in the fourth quarter totaling \$261,262. Total audit revenue for 2016 is \$366,146. 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 245 new business licenses in the fourth quarter of 2016, which includes home based, in town and out of town businesses.

Business Terminations:

There were 141 business terminations in the fourth quarter of 2016, including home based, in town and out of town.

Permanent Default:

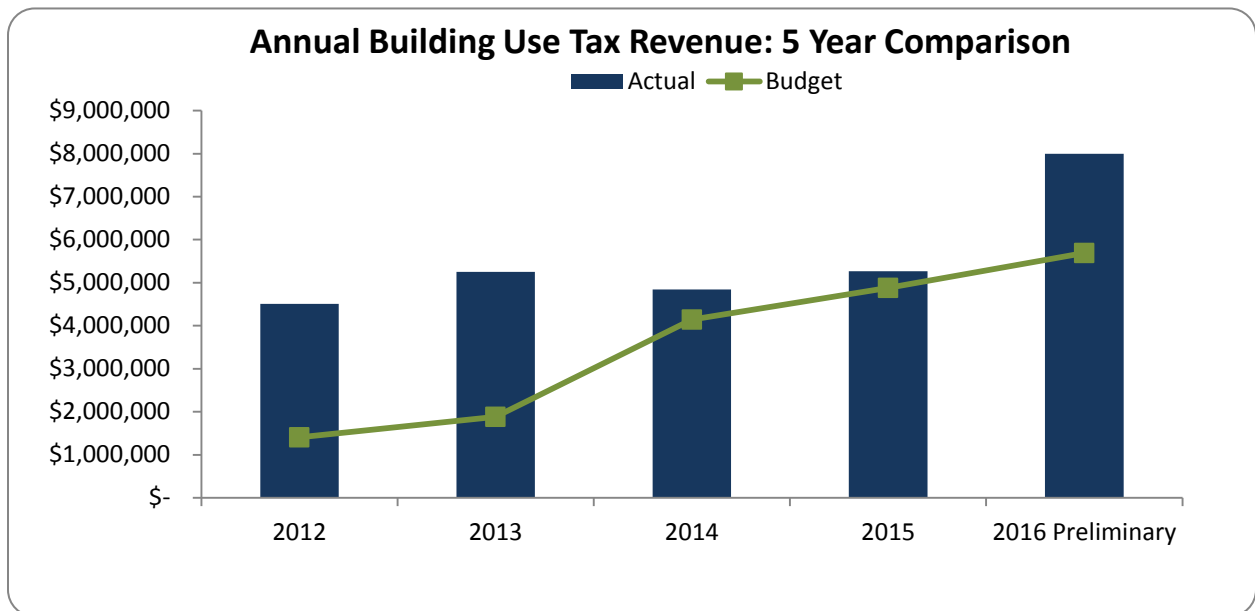
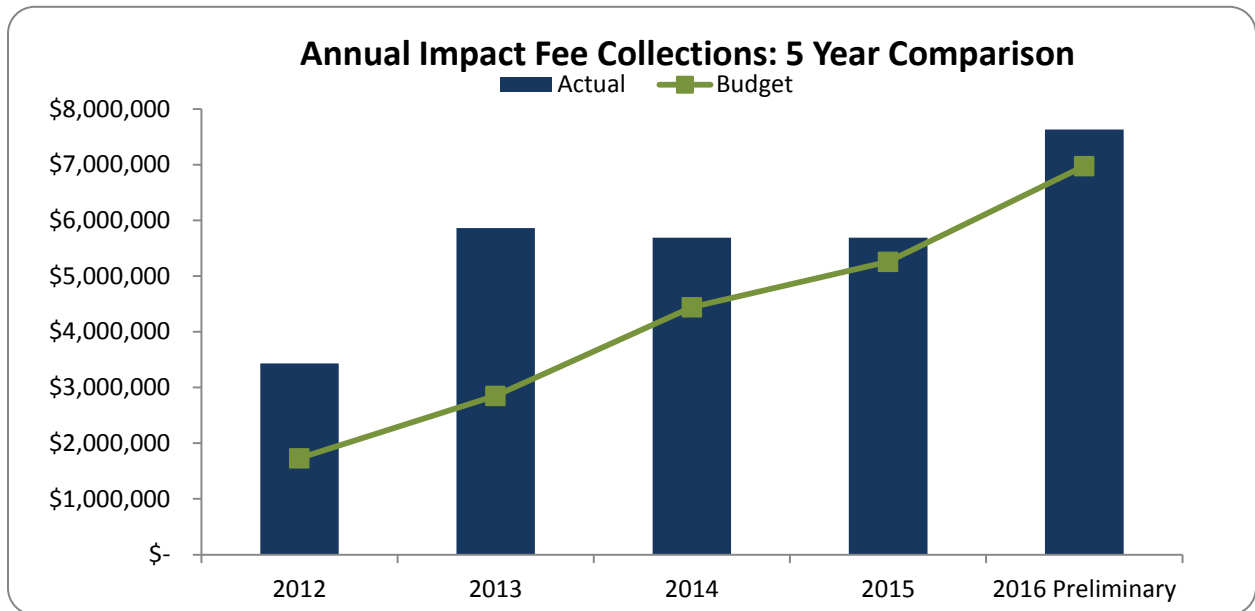
There are certain accounts considered uncollectible and will likely be written off. The average is around \$5,000 per year.

Impact Fees, System Development Fees, and Building Use Tax:

Budget amounts for growth related revenues, such as impact fees, building use tax, and system development fees, are based upon the expected number of single family, commercial, and other development permits issued. The table below shows new home permit issuance by year for the past five years. The 2016 Budget was based on growth related revenues associated with 700 single family permits and 316 multi-family units.

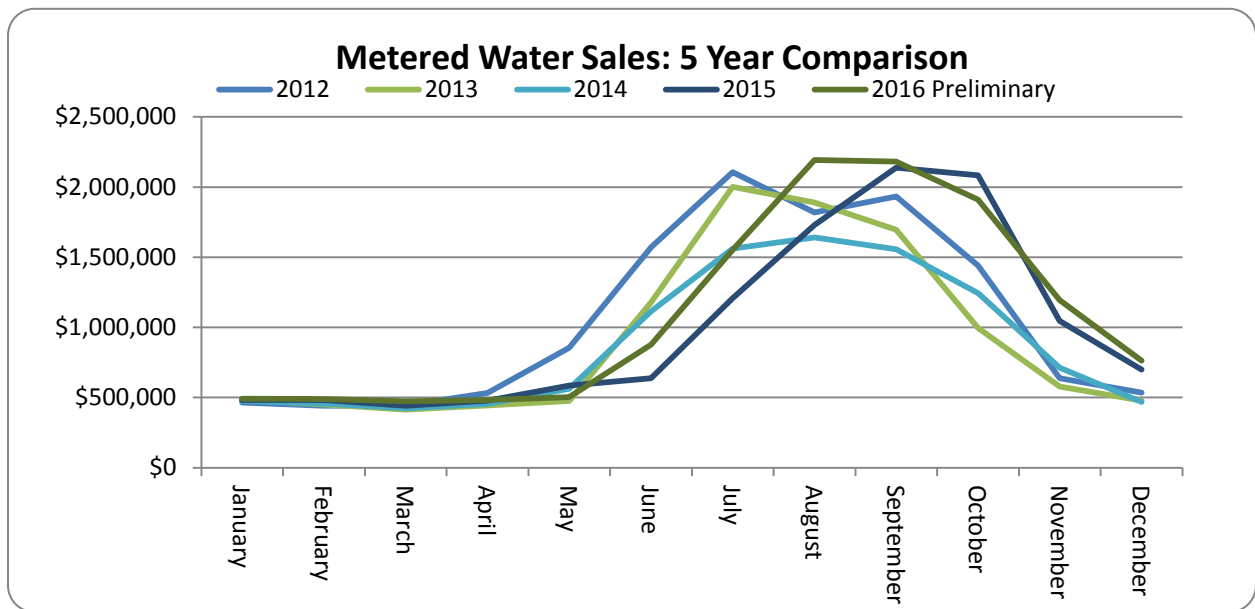
Quarter	2012	2013	2014	2015	2016
January - March	100	177	196	180	205
April - June	130	263	235	277	240
July - September	178	220	191	184	127
October - December	124	166	183	153	180
Total Single Family	532	826	805	794	752
Total Multi Family	-	90	-	83	380

Impact fees, system development fees, and use tax collections were about 10% higher in 2016 than in 2015. The Town has issued 752 single family permits and permits for 380 multifamily units. In addition, commercial growth has also been significant with a total of 79 new commercial permits issued through December, as compared to 41 for 2015. Commercial activity for 2016 included 27 permits related to the Promenade development. The following charts reflect 2016 activity for impact fee and building use tax revenues over the past five years. Impact fee and building use tax revenue has risen compared to last year due to increased development activity through the year.



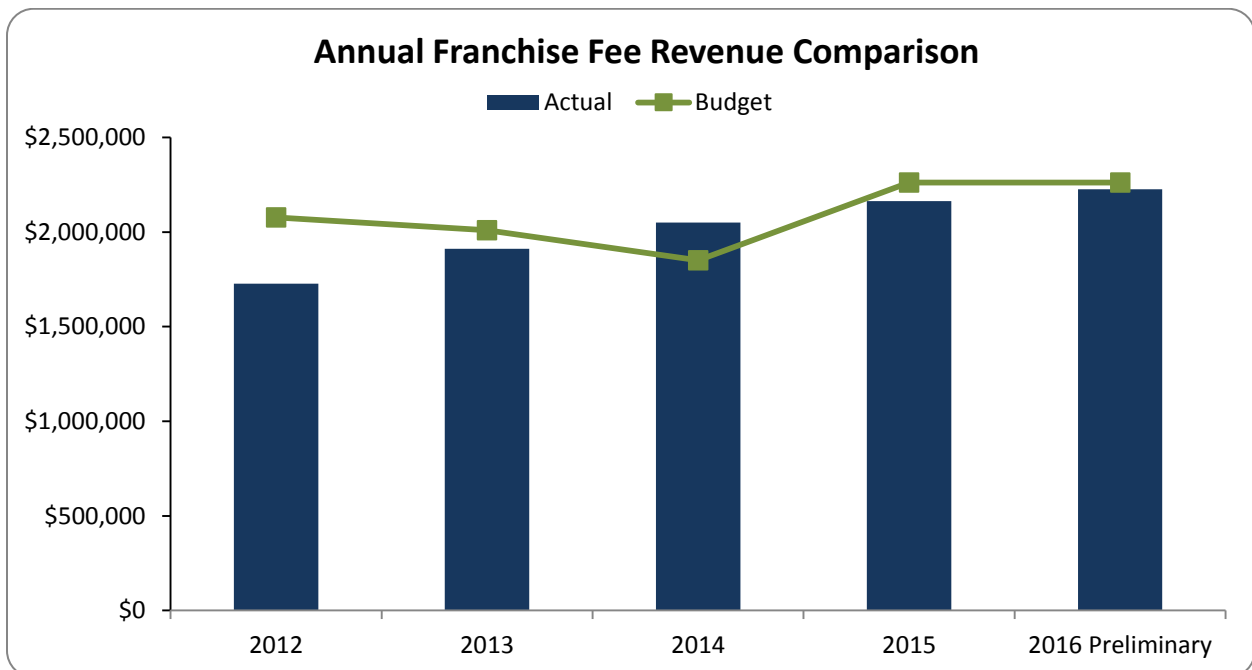
Metered Water Charges:

Metered water collections for 2016 were 9.2% higher than 2015. Metered water sales are highly seasonal and saw a significant increase during the second half of the year, with 81% of total revenue collected from June through December. Significant growth in both residential and commercial development and lower precipitation in the fall contributed as well to fuel growth in metered water sales.



Franchise Fees:

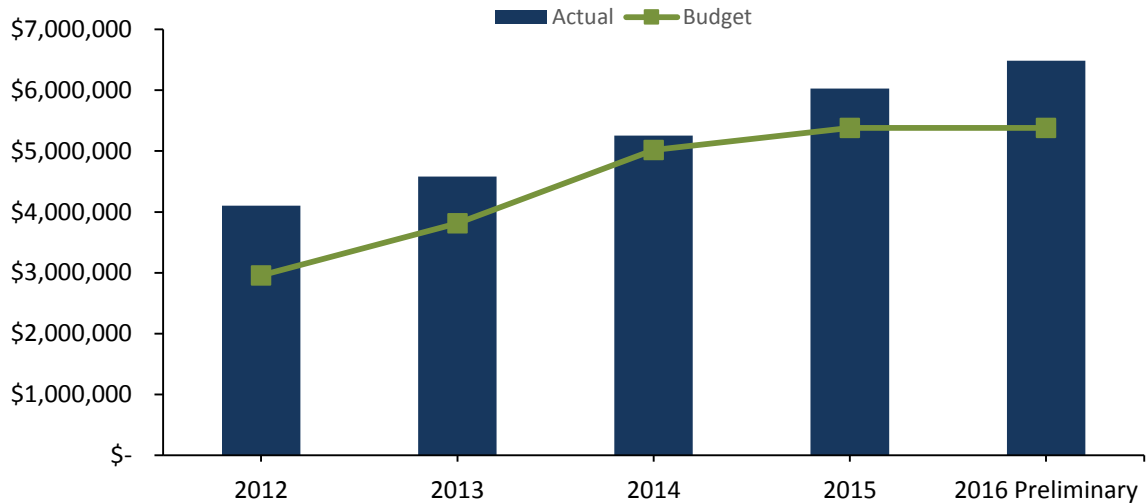
Franchise fees are revenues generated by utility companies providing services within the Town limits. This fee gives utility companies access to public streets and right-of-ways enabling them to supply and maintain services to citizens. Franchise Fee revenue for 2016 was almost 3% higher than 2015. Franchise Fee revenue is driven by the number of subscribers for the respective utility, including cable, electricity and natural gas.



Motor Vehicle and Specific Ownership Tax:

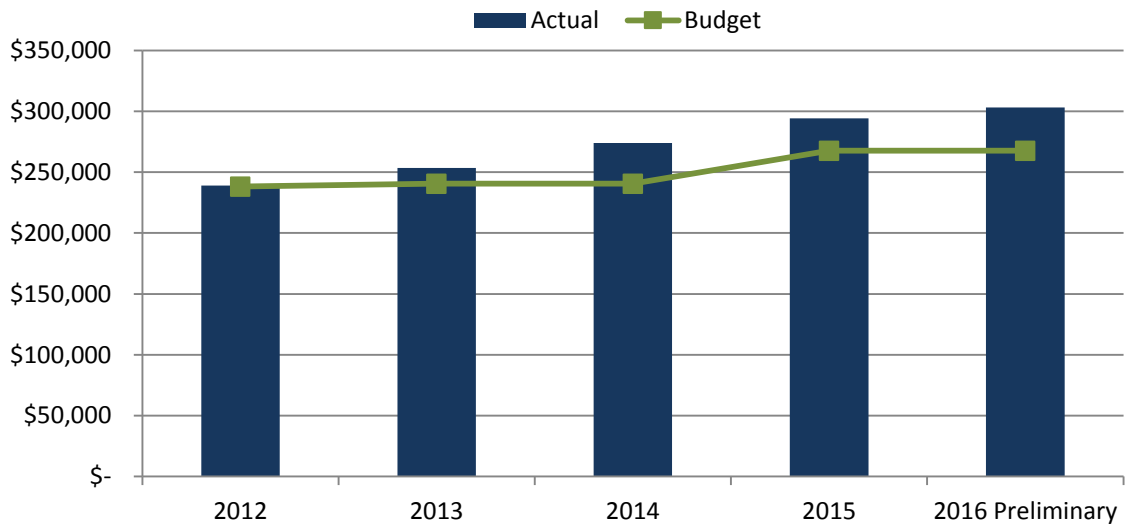
Motor Vehicle Taxes are sales tax paid on the purchase price of a vehicle by Town residents. Douglas County collects the tax through the licensing process and remits the Town's share on a monthly basis. For 2016, Motor Vehicle Taxes are about 8% higher than 2015. The following chart shows Motor Vehicle Tax revenue received over the past five years.

Annual Motor Vehicle Tax: 5 Year Comparison



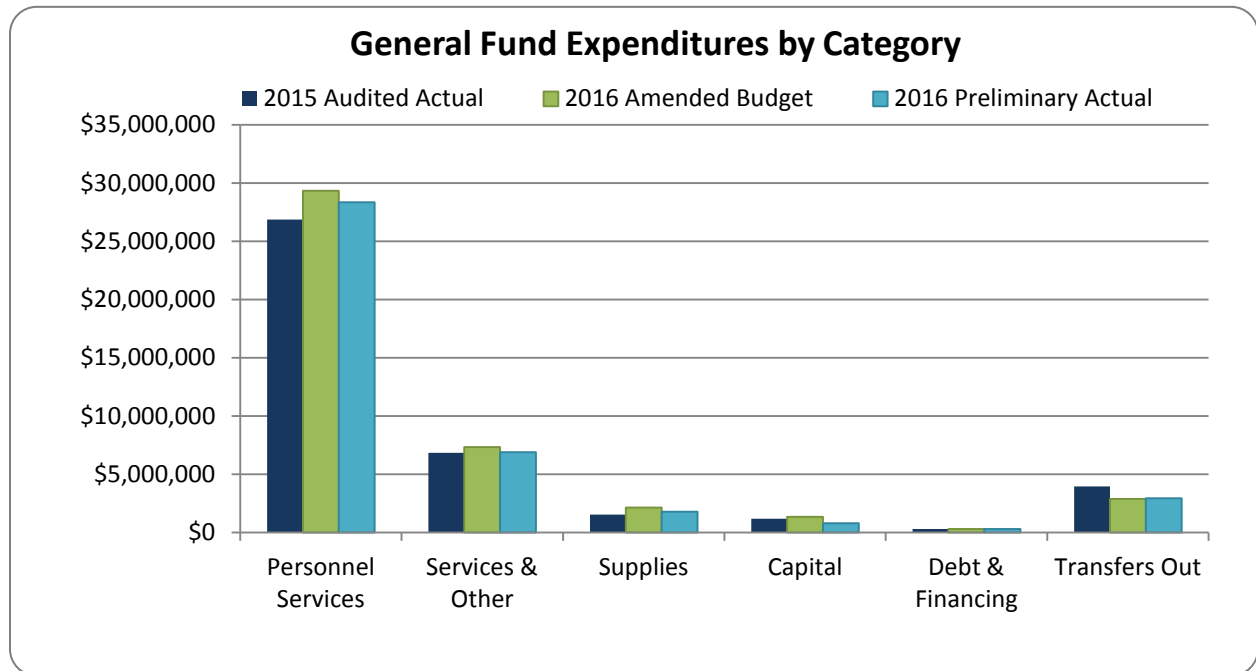
Specific Ownership Tax is levied on all motor vehicles, wheeled trailers, semi-trailers, trailer coaches, mobile homes and self-propelled construction equipment. Tax schedules are established by the State based on age and type of vehicle. Revenues are allocated to each city based on actual pro rata share 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 more than 3% higher when compared to 2015 and are more than 2% over the 2016 budget. The chart that follows demonstrates annual Specific Ownership Tax revenues over the past five years.

Annual Specific Ownership Tax: 5 Year Comparison



General Fund:

Preliminary 2016 year-end actual information reflects total General Fund revenues were about 4% greater than budget. Expenditures in the General Fund were approximately 5% under 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. The following graph identifies the budget amounts expended by category for 2015 and 2016. Please refer to Schedule A for additional information.



A summary is provided below pertaining to General Fund Departments (Please refer to Schedule A for more information):

Town Council

The Town Council Division ended the year about 9% under the amended budget for 2016. Savings are related to the Services and Other category which includes service contract payments. Actual service contract amounts were less than the budgeted, contributing to savings for the Town Council Division.

Town Manager

The Town Manager Division is under budget for 2016 by 4% related to personnel and savings in the services and other expense category.

Deputy Town Manager

The Deputy Town Manager Division ended the year right at budgeted expenditures for 2016.

Human Resources

The Human Resources Division ended the year about 6% under budget for 2016 expenditures. The Human Resources Division will be carrying forward funds from 2016 for completion of the Human Resources Information System (HRIS) project in the first 2017 budget amendment. In 2016, Human Resources initiated implementation of a new HRIS for the Town of Castle Rock with a goal improving efficiencies and automating business processes for the Town. This project is expected to be complete in 2017.

Community Relations

The Community Relations Division ended 2016 about 1% under budget for expenditures. Savings are related to Services and Other expenditures, specifically for costs related to production of the Outlook magazine.

Information Technology

The Division of Information and Technology finished 2016 at about 14% under budget for expenditures with savings in all categories, but primarily due to personnel vacancies, timing of hardware service agreements, timing of software maintenance agreement payments, technical services expenditures, and capital projects.

Facilities

The Facilities Division is approximately 4% under budget for 2016 expenditures. Savings are primarily due to lower than anticipated costs for building repairs and maintenance.

Town Attorney

The Town Attorney's Office ended the year approximately 19% under budget. Savings are primarily attributable to lower than expected personnel costs and less than anticipated legal and prosecution needs.

Town Clerk

The Town Clerk's Office is under budget for 2016 by approximately 12%. The majority of savings are primarily due to lower than budgeted election costs and savings in staff training.

Municipal Court

The Municipal Court Division ended 2016 approximately 13% under budget. Savings are primarily due to decreased need for part time hours as a result of a decrease in ticket volume in 2016 and savings in equipment repair and maintenance.

Finance

The Finance Department is under budget by about 6% at the end of the year. The majority of savings in Finance are due to partial year position vacancies for a Sales Tax Auditor and a Payroll Technician, which are now filled. In addition, unspent funds in the capital category are planned to be carried forward to 2017, which are planned for the purchase of new sales tax software. Since the cost of this purchase is not yet fully known, a future budget amendment may be requested.

Police

The Police Department is under budget by about 3% based on preliminary year-end information. Savings are related to personnel vacancies that have occurred throughout the year as well as other supply costs including fuel, weapons/ammunition, and other operating supplies.

Fire and Rescue

The Fire and Rescue Department is under budget by about 4% for 2016 due to personnel savings resulting from position vacancies that have occurred throughout the year and other cost savings including fuel, clothing/uniforms, and general operating supplies. Some 2016 planned and approved budget amounts are requested to be re-appropriated into 2017 in the first budget amendment and are related to an approved position.

An Emergency Vehicle Technician (EVT) was planned for the Fire and Rescue Department in 2016. However, due to limited qualified candidates, this position was unable to be filled in 2016. Because this position is expected to be filled in 2017, costs associated with the EVT that were planned to occur in 2016 are requested to be included in 2017 as part of the first budget amendment. These costs include an additional vehicle, training, tools and equipment, and needed supplies.

Development Services

The Development Services General Fund Division, which includes Planning and Zoning, concluded the year under budget by 17%. Savings are the result of personnel vacancies that have occurred throughout the year plus savings in the services and other category. In the first 2017 budget amendment, Development Services requests that unspent funding related to an approved Historic Preservation Grant in 2016 be reappropriated in the 2017 budget. The project related to the approved grant funds began in 2016 and is expected to be complete in 2017, at which time grant funding will be expended.

Parks and Recreation

Preliminary year-end information shows that Parks and Recreation ended the year under the 2016 budget by almost 1%. Personnel savings are largely due to vacancies in full time positions in the department, as well as savings in seasonal labor.

Non-Departmental

The Non-Departmental budget, under the responsibility of the Finance Department, is about 9% under the 2016 budget at the end of the year. The Non-Departmental budget includes items that are generally not attributable to just one department. Savings in this division are primarily attributable to lower than anticipated expenditures in machinery and equipment purchases.

Downtown Projects

The Downtown Projects Division, which accounts for the remaining funds from the 2012-2014 DDA TIF collections, is about 15% under budget at the end of the year. Costs in this area include design costs related to the Festival Park renovation project and will be carried forward to 2017 to accommodate completion of the project.

Transportation Fund:

Transportation Fund revenues ended 2016 about 8% over the revenue budget. This is primarily due to higher than expected Sales Tax and Building Use tax revenue. The Transportation Fund is under the expenditure budget by about 4%, which is primarily attributable to personnel and supplies savings. In addition, the capital category is approximately 35% under budget due to the timing of capital project completion. The majority of these funds will be carried forward into 2017 as part of the first budget amendment for 2017. Significant carryforward items include funds for continuation of traffic signal upgrades, design of a roundabout at 3rd and Perry Streets and the addition of shop fans in the Fleet Maintenance bay.

Capital Funds:

Capital projects within these funds are generally paid for from impact fees and interest earnings. All impact fee revenues in Capital Funds, except for Municipal Facilities Capital that includes adjustments for impact fee distribution, show total revenue collections higher as compared to budgets through 2016 due to increased development. As discussed previously, revenue related to new home permits was budgeted at a total

of 700 for 2016 plus 316 multi-family units. There were 752 single family permits and development of 380 multi-family units through the end of December. In addition, a total of 79 new commercial permits were issued in 2016.

Parks and Recreation Capital Fund

Revenue collections for the Parks and Recreation Capital Fund were more than 3% over budget, primarily due to development impact fees. Please note that impact fee revenues received into this fund only include fees for new residential development in Castle Rock – no impact fees related to commercial development are received into the Parks and Recreation Capital Fund. Impact fee revenue was higher than budgeted for 2016 by over \$254,000 due to increased growth in the Town. This fund is under the annual expenditure budget more than 70% due to timing related to the completion of Festival Park. In order to complete this project, approximately \$5.8 million will be carried forward in the first budget amendment of 2017. Additionally, about \$114,000 for Miller Park signage and other improvements will be for LED Sign and Phillip S. Miller Park Highway sign and more than \$9,000 for Phillip S. Miller Park irrigation will also be carried forward in the first Budget Amendment of 2017. Please refer to Schedule C for more information.

Municipal Facilities Capital Fund

Revenues in the Municipal Facilities Capital Fund are lower than the 2016 budget by 25% due to a correction in impact fee revenue distribution to Parks Capital and Transportation Capital. This fund is about 2% under budgeted expenditures for 2016. Savings in this area is due to being under budget for rent paid for office space for the Division of Innovation and Technology and for the Public Safety Training Facility. Please refer to Schedule D for more information.

Fire Capital Fund

The revenue in the Fire Capital Fund is 16% over the 2016 budget due to increased development activity. Expenditures in 2016 include costs for the architectural design of the Crystal Valley Fire Station and lease costs for the current public safety training facility. Expenditures are 51% under budget for the year due to timing of the Crystal Valley Fire Station design costs.

Due to design not being fully completed in 2016, the Fire and Rescue Department will carry forward remaining budgeted funds into 2017 as part of the first 2017 budget amendment. This carry forward will provide for the completion of design for the new fire station in 2017. The new station is anticipated to be open for service in fall of 2018. Please refer to Schedule E for more information.

Police Capital Fund

Revenues in this fund are 9% over the 2016 amended budget due to impact fee revenue. Expenditures in the Police Capital Fund are 12% under budget for the year due to savings related to not purchasing one new vehicle as was originally planned. Rather than purchasing a new vehicle, the Police Chief allocated his vehicle to an investigator eliminating the need to purchase a new vehicle. Please refer to Schedule F for more information.

Transportation Capital Projects Fund

The Transportation Capital Projects Fund is intended to fund growth related transportation capital projects. Revenue in this fund includes impact fees, building use tax, developer contributions, and grant revenue. Impact fee revenue ended 2016 about 14% over budget due to development related activity in the Town. However, total

revenue in this fund is approximately 24% under the 2016 revenue budget. This is primarily due to the timing of contributions for the North Meadows Extension, originally planned to be received in 2016, but recognized in 2015. These funds were recognized over time, based on the percentage of project completion. A portion of 2016 planned revenue was recognized in 2015 due to a greater rate of completion than anticipated, which reduced the amount that was received in 2016.

The 2016 expenditure budget in this fund included multiple projects and was about 25% under budget, primarily due to ongoing projects that will be carried forward to 2017. The largest project is the North Meadows Extension, which opened to the public in August 2016. Remaining funds will be carried forward to 2017 in order to complete punch list items. Additional projects which are included in the budget amendment for carryforward include improvements to Plum Creek Parkway at Wilcox and Perry Streets, improvements to Highway 86 and Allen Way and improvements at Highway 86 and Crowfoot Valley Road. Please refer to Schedule G for more information.

General Long Term Planning Fund

Revenue received in this fund is a portion of residential Building Use Tax, which finished the year 23% over the budget amount. Budgeted expenditures in 2016 include general facility improvements as well as Information System projects. The fund is under the 2016 budget by 8% due to savings across multiple projects in this fund. Please refer to Schedule H for more information.

Castle Rock Water Funds:

Both revenues and expenditures are highly seasonal for the Castle Rock Water funds as a large amount of the revenue in the Water fund 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 and asset purchases that are also dependent upon weather, regional partnerships and permitting.

Revenue in all four Castle Rock Water funds finished 2016 about 4% over the revenue budget. This is primarily attributable to System Development Fees collected on single-family, multifamily and commercial building permits. System Development Fee revenue was about 24% over budget at the end of the year. Metered Water Sales also finished 2016 approximately 4% over budget.

Total expenditures for all four funds were approximately 47% under the 2016 expenditure budget. This is largely due to the timing of significant capital project expenditures, which vary based on project schedule changes and delays. Many significant capital projects span over multiple years, although funding is accumulated and budgeted at the start of projects. Capital expenditures were under budget by approximately 83%. The majority of these remaining funds are included as carryforward as part of the first amendment to the 2017 Budget. Significant carryforward items include \$27.5 million for the WISE project, \$12.4 million for the Alternative Source of Supply project, a total of \$22.9 million between the Water and Water Resources Funds for the purchase of infrastructure in Douglas County, \$1.8 million for continuation of various stream stabilization projects, and \$1.5 million for a sewer line upsize project. Carryforward of these funds will allow for continuation and completion of important capital projects.

Operating expenditures were approximately 9% under the 2016 budget, due to personnel vacancy savings, services, and other savings.

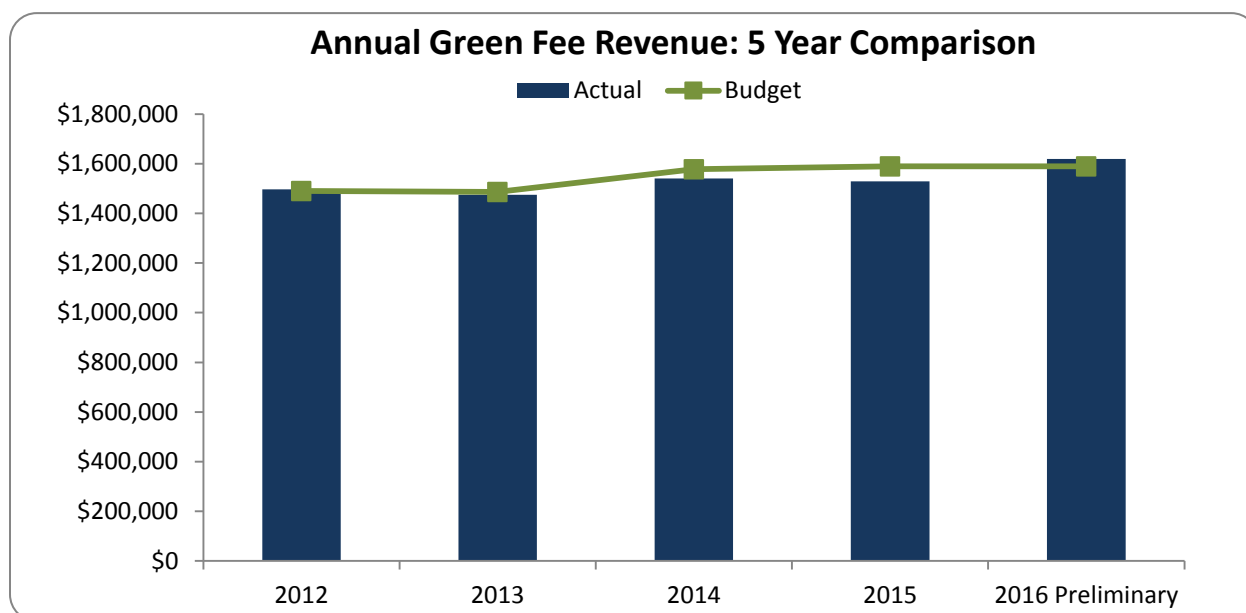
Golf Course Fund:

Revenues for 2016 were about 3% over the annual budget. Increased play during the peak golf season, combined with favorable playing weather through November, helped to increase revenues. When compared to 2015, charges for service revenue is about \$186,000 higher.

For 2016, food and beverage sales increased nearly 7%, and merchandise sales are approximately 5% greater as compared to the same period of 2015. Despite weather impacts earlier in the year, a total of 36,938 rounds were played in 2016, representing an increase of 1,852 more rounds over the same period of 2015. Tournament rounds decreased by almost 10% as compared to 2015, with a total of 2,565 tournament rounds played in 2016. The decrease in tournament rounds can be attributed to several groups rotating to different courses in the same year. Additionally, the revenue per player grew slightly, from \$79.20 in 2015 to \$80.06 in 2016.

Expenditures were about 5% under the 2016 budget primarily due capital projects. In order to complete the improvements at Red Hawk Ridge for the golf course and building, the remaining funds totaling about \$156k will be carried forward in the first Budget Amendment of 2017. Additionally, the Golf Course Fund successfully met the required Debt Coverage Ratio as required by the revenue bonds that are utilized in the Golf Course Fund.

The chart that follows demonstrates a five year comparison of annual green fee revenue for the Golf Course Fund. For more information on the preliminary year-end financial performance of the Golf Course Fund, please refer to Schedule M.

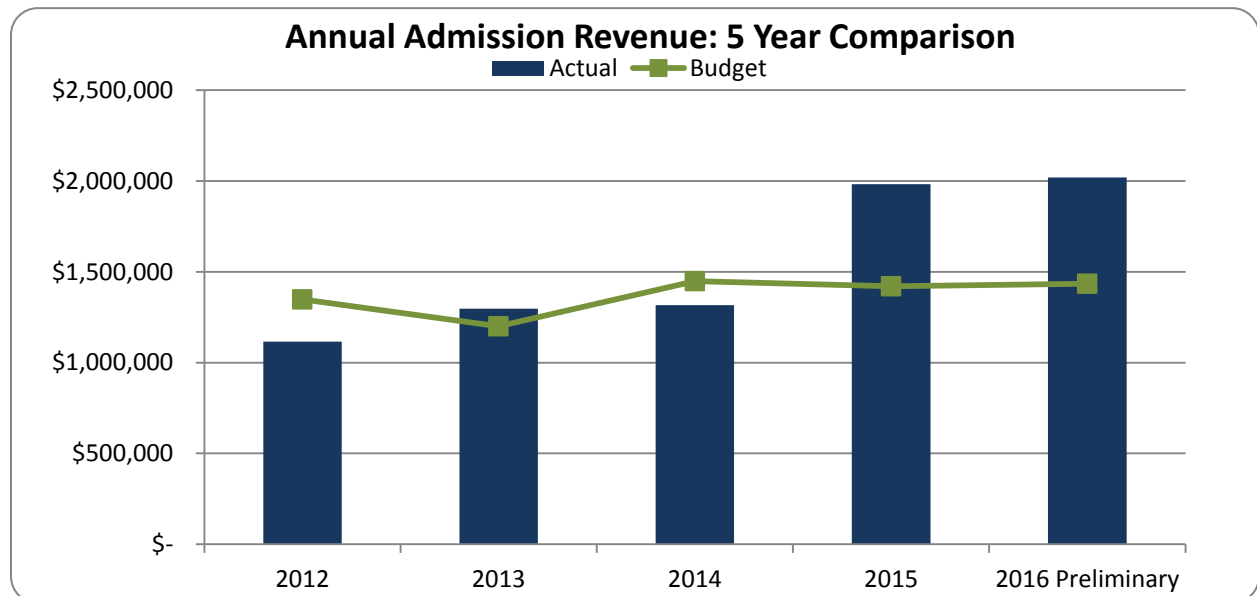
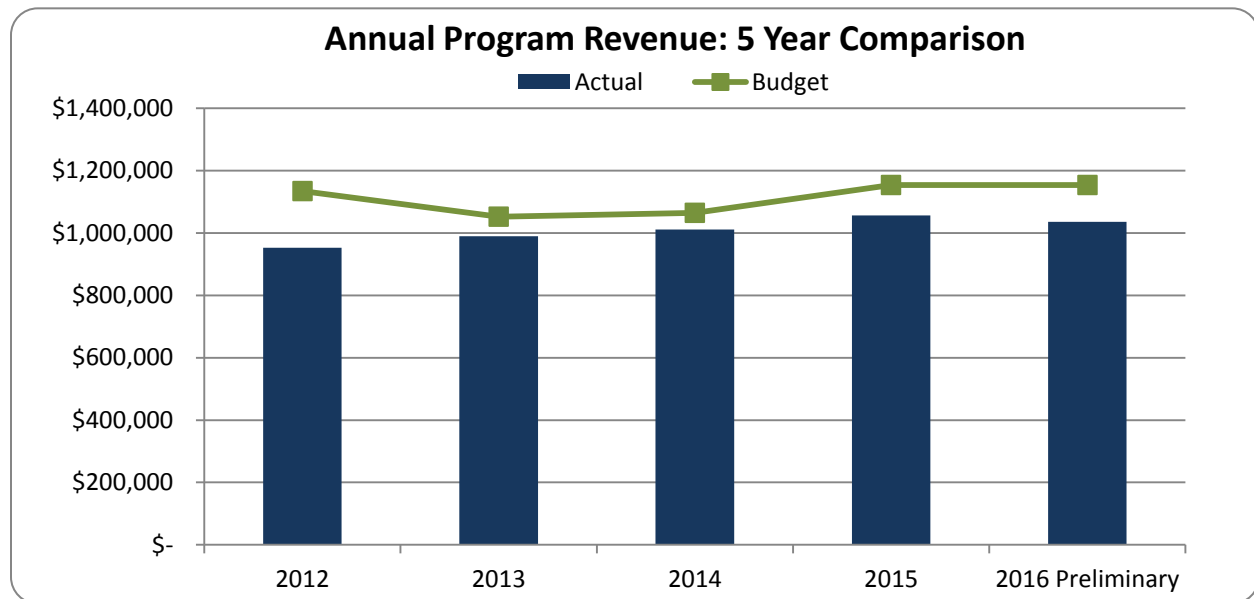


Community Center Fund:

The presentation of information in the attached financial statements (Schedule N) provides preliminary year-end information, which includes operational revenue and expenditures for the Miller Activity Complex (MAC). Charges for services in the Community Center Fund were under budget by almost 3% for the year. Total revenue collections were more than 1% over the annual budget for the year for this fund, primarily due to increased collection of sales and use taxes.

Total expenditures for 2016 are under the annual budget by 4%, primarily due to personnel vacancies and timing of capital projects. The MAC, which completed its second full year in operation in 2016, continues to be very popular, with 107,252 individual paid admissions recorded during the year. Usage of the Recreation Center remains consistent, with 348,847 visits in 2016. This represents an increase of more than 3% or 11,470 visits over 2015.

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



Development Services Fund:

Overall revenues received in the Development Services Enterprise Fund to date are almost 16% higher than budget for 2016 due to increased commercial and multi-family development as well as increased roof repair inspections resulting from hail damage experienced during the summer. Operating expenses for the Development Services

Fund are about 4% under budget for the year. Total expenditures, including capital, for the fund are under the amended budget by approximately 47% for the year due to the timing of construction of the Town Hall addition. The Development Services Department will carry forward unspent funds from 2016 to 2017 for the Town Hall addition. This capital carry forward will allow for continued construction with an anticipated completion of the project in fall 2017. Please refer to Schedule O for more information.

Employee Benefits Fund:

Revenue is approximately 11% under the 2016 budget primarily due to actual benefit selections by Town personnel throughout the year. Expenditures in the Employee Benefits Fund are about 9% under budget for 2016. Although total expenditures were under budget for the year, medical, prescription, dental and vision claim expenses increased by 14% as compared to 2015. Please refer to Schedule P for more information.

Fleet Services Fund:

Revenue received in the Fleet fund for 2016 was about 1% over the revenue budget. Expenditures for the Fleet Services Fund were about 10% under the expenditure budget at the end of the year. This is primarily due to the deferment of vehicle replacements in order to extend life cycles. Several vehicle purchases planned for 2016 were delayed to 2017 and will be carried forward as part of the first amendment to the 2017 Budget. Please refer to Schedule Q for more information.

Conservation Trust Fund:

Overall revenues received in the Conservation Trust Fund for 2016 were about 4% over budget due to increased lottery, license and park permit revenue. Overall expenditures are under budget by about 7% through December due to unspent capital budget. A total of \$105k will be carried forward to 2017 in the first budget amendment for park improvements including resurfacing the pickle ball courts, purchase of new dugout covers, and various trail improvements. Please refer to Schedule R for more information.

Philip S. Miller Trust Fund:

Revenue received in the Philip S. Miller Trust Fund is 13% under the year-to-date budget due, in part, to the disbursement from the Philip S. Miller Trust being \$10k less than budget for 2016. Expenditures in the Philip S. Miller Trust Fund are under budget by 10% related to personnel and service contract savings. Actual service contract amounts were less than budgeted, contributing to savings for the Philip S. Miller Trust Fund. Please see Schedule S for more information.

Public Art Fund:

Revenue for the Public Art Fund is about 1% over the 2016 budget and consists primarily of the annual disbursement from the Philip S. Miller Trust. Expenditures are 83% under budget and consisted of participation in the Art Encounters program. No new art pieces were purchased in 2016. Please see Schedule T for more information.

Economic Development Fund:

The Economic Development Fund continues the focus on priorities of creating primary employment jobs, expanding the tax base and maintaining an outstanding business climate. Revenue for 2016 was significantly higher than budget due to volume and timing of commercial development in Town. A total of 79 new commercial permits, including 27 related to the Promenade development, were issued in 2016. For comparison, a total of 41 commercial permits were issued in 2015. Appropriated expenditures in 2016 are allocated to meet current obligations and to fund potential future economic development assistance agreements. Timing of payments for existing and new agreements varies throughout the year, which resulted in use of only 8% of the budget for 2016. 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. Other than interest, was been no revenue generation through 2016. Expenditures for the year are at 100% of budget. Costs related to body-worn cameras occurred in the last quarter of the year, as approved by the forfeiture committee. Please refer to Schedule V for more information.

Downtown Development Tax Increment Financing (TIF) Fund:

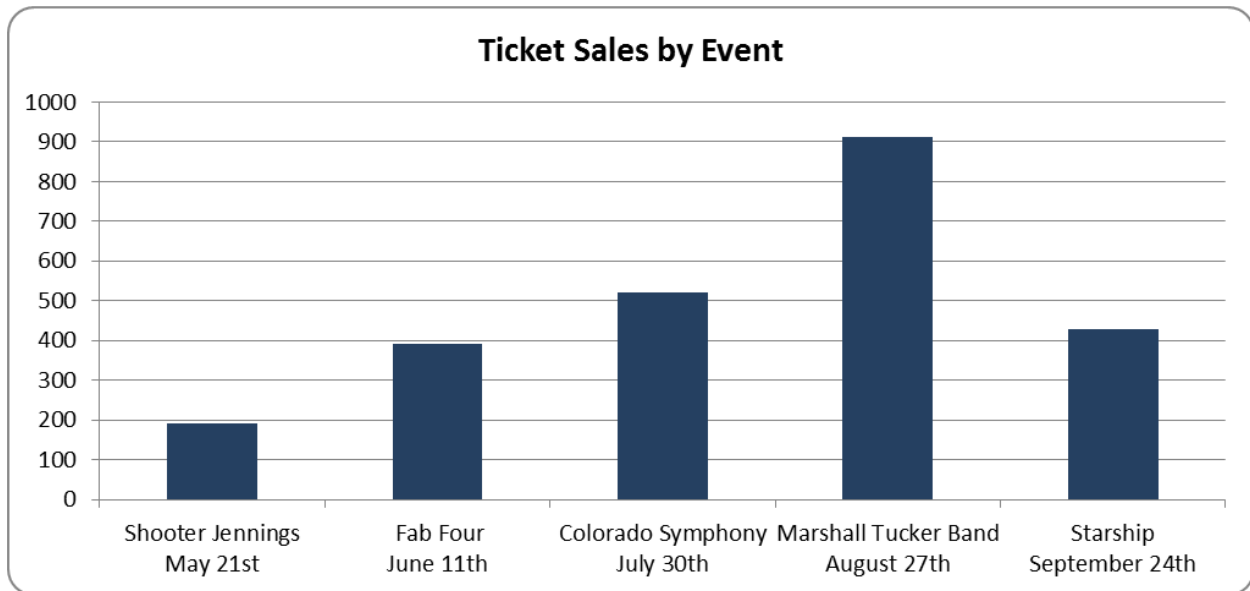
Revenue in this fund includes a quarterly disbursement of Sales Tax TIF revenue. Year-end revenues are about 9% under budget due to the delay of loan revenue, anticipated to be received in 2017. Expenses ended 2016 approximately 24% under budget, primarily due to the timing of a loan to The Move, LLC. These funds are included as carryforward to 2017 as part of a budget amendment to accommodate completion of the loan. Please refer to Schedule W for more information.

Special Events Fund:

The Special Events Fund received 70% of the budgeted revenues for 2016, including a transfer in from the Philip S. Miller Trust Fund. Expenditures are 2% under budget through December. Event planning is underway for 11 events in 2017, including continuation of the Celebration Concert series. Additionally, oversight of the Special Events division has transitioned to the Parks and Recreation Department for the 2017 season.

The Special Events Fund was new in 2016, established by an approved budget amendment. This fund accommodates revenues and expenditures for 20 Town-wide events in 2016 that were approved by Town Council as part of the Special Events Strategic Plan on January 5, 2016. Events included the Celebration Concert Series at Philip S. Miller Park, Downtown after Five events, Harvest Fest, Rocky Mountain Sports Festival, Scavenge the Rock, Western Heritage and the Season of the Star event series.

The chart that follows demonstrates the number of tickets sold for each of the Celebration Concert events held throughout the summer of 2016 at Philip S. Miller Park. As identified, attendance at ticketed events saw improvements throughout the season, with the highest number of tickets sold for a single event being 912 tickets for the Marshall Tucker Band.



Proposed Motion

This memo is intended to be for discussion purposes only.

Attachments

Attachment A: 2016 Preliminary Year-end Financial Reports

1. Schedule A - General Fund
2. Schedule B - Transportation Fund
3. Schedule C - Parks and Recreation Capital Fund
4. Schedule D - Municipal Facilities Capital Fund
5. Schedule E - Fire Capital Fund
6. Schedule F - Police Capital Fund
7. Schedule G - Transportation Capital Projects Fund
8. Schedule H - General Long Term Planning Fund
9. Schedule I - Water Fund
10. Schedule J - Water Resources Fund
11. Schedule K - Stormwater Fund
12. Schedule L - Wastewater Fund
13. Schedule M - Golf Course Fund
14. Schedule N - Community Center Fund
15. Schedule O - Development Services Fund
16. Schedule P - Employee Benefits Fund
17. Schedule Q - Fleet Services Fund
18. Schedule R - Conservation Trust Fund
19. Schedule S - Philip S. Miller Trust Fund
20. Schedule T - Public Art Fund
21. Schedule U - Economic Development Fund
22. Schedule V - Police Forfeiture Fund
23. Schedule W - Downtown Development TIF Fund
24. Schedule X - Special Events Fund
25. Schedule Y - Town-wide Summary

Attachment B: Sales Tax Collections by Category and Geographical Area