



2018 Financial Report to the Community



Town of Castle Rock, Colorado
CRgov.com/FinancialReports



@CRgov



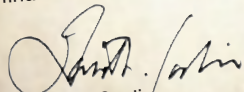


Residents of Castle Rock,

The leadership of your Town takes its financial responsibilities to the community very seriously. The Town prides itself on its conservative financial management, which has allowed for the continued provision of high-caliber community services – per continued strong community survey ratings – without any recent increases in sales or property taxes.

In 2018, the owner of a home valued at \$373,254 paid only \$35.74 in annual property tax to the Town. We believe that represents an excellent return on investment for the full range of general government services the Town provides by maximizing the community's investment through economic development efforts. Though revenues remain solid, continued focus on core services will prove essential in order to sustain the Town's finances through multi-year economic cycles.

The Town's current financial position remains strong, and thus we are proud to share with you the Town's Financial Report to the Community for the year ended Dec. 31, 2018. This report enhances the Town's efforts to provide transparent financial information to the Castle Rock community. We hope that you find this report accessible and educational. You will find additional information about the Town's financials, performance and more at CRgov.com/transparency.


David L. Corliss
Town Manager

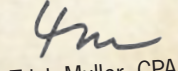

Trish Muller, CPA
Finance Director

Table of Contents

About your Town	3
How does the Town focus resources on priorities?	3
Ensure outstanding public safety	4
Enhance our transportation	5
Secure our water future	6
Maintain strong Parks and Recreation	7
Support economic development	8
Manage Town finances conservatively	9
Financial results	10-14
Where do your property tax dollars go?	15
Which industries generate the most sales tax?	15
Strengthen our unique community identity	16
PAFR terminology explained	16
How do residents connect with the Town?	17

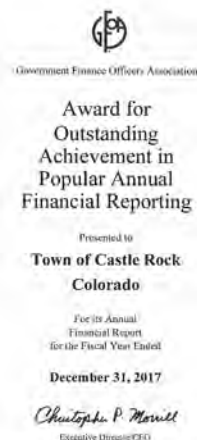
Financial highlights

- The Town's total net position – or net worth – increased by \$70.9 million (7.4 percent) in 2018.
- As of Dec. 31, 2018, the Town's governmental funds – those supported primarily by taxes – reported combined ending fund balances of \$61.7 million – an increase of \$9.4 million over 2017; the unassigned fund balance for the General Fund was \$12.5 million, which consisted of cash reserves of \$11.5 million and unappropriated funds of \$1 million.
- The Town's long-term liabilities totaled \$112.3 million at the end of 2018; \$5.9 million (5 percent) of the decrease from 2017 was due to debt service payments.

About this report

This Popular Annual Financial Report (PAFR) provides an overview of the Town's financial position as reported in the 2018 Comprehensive Annual Financial Report (CAFR), available at CRgov.com/FinancialReports. The CAFR is an audited document prepared in accordance with generally accepted accounting principles (GAAP). The CAFR must include the Town's component units, present individual funds in greater detail, and fully disclose all material events, both financial and non-financial.

Unlike the CAFR, the PAFR is not an audited 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](http://GovernmentFinanceOfficersAssociation.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 Council members – 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 more than 66,000 residents, Castle Rock values its small-Town character with a traditional Downtown core and regular community events. Slated to grow to more than 130,000 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.

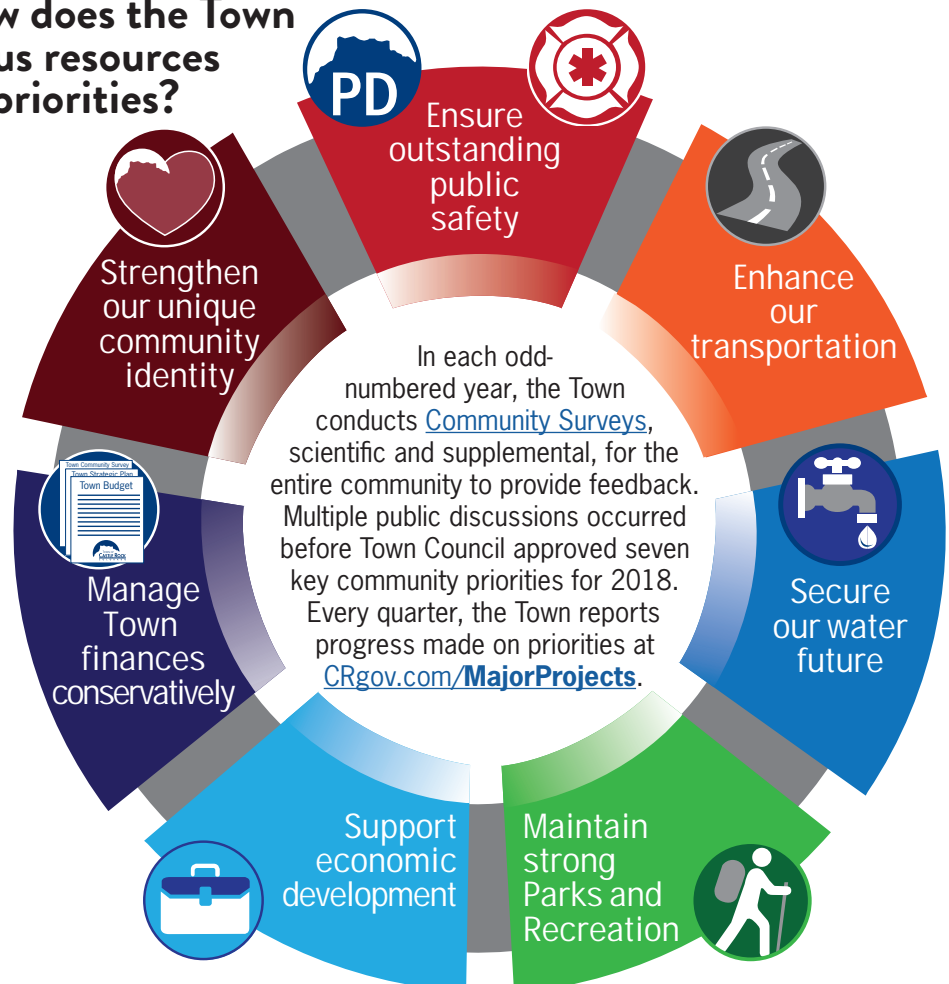


Castle Rock, Colorado

Year	Estimated Population
2018	66,902
2017	65,520
2016	62,188
2015	59,189
2014	56,645
2013	54,238
2012	51,573
2011	49,949
2010	48,150
2009	47,034

Source: U.S. Census Bureau

How does the Town focus resources on priorities?





Ensure outstanding public safety

The Castle Rock Police Department (CRPD) and Fire Department (CRFD) work to make our Town one of the safest communities along the front range by providing 24-hour protection. CRPD's 75 officers reside in one main police station and provide services including patrol, K-9 units, investigations, special operations, community policing, and support services. CRFD operates from five fire stations with 94 career members providing fire, medical and prevention services.

Public Safety



Please find additional information at CRgov.com/performance

What was accomplished?

- Opened Fire Station 152 in Crystal Valley; added 12 positions needed to staff the station
- Added five positions in Police and launched a full-time mental health co-responder program, following a successful pilot program in 2017
- Worked to update the Police and Fire departments' strategic plans and to further establish the Town's Public Safety Training Campus

Fire Station 152 in Crystal Valley



International recognition for Police
CRPD's Community Responder Team, as a partner in the Douglas County Mental Health Initiative,

can proudly claim the International City/Council Management Association **Community Health & Safety Program Excellence Award** for taking an intentional and innovative approach to addressing mental health in the community.



Fire turns gold

CRFD earned the American Heart Association's **Mission: Lifeline Gold Award**. The AHA awards this distinction to agencies that have demonstrated outstanding pre-hospital cardiac care for a given period of time. CRFD previously earned the Bronze and Silver awards.



Enhance our transportation

The Public Works Department maintains more than 600 lane miles of streets in Castle Rock. Public Works plans, designs, maintains and repairs roadways providing a broad range of services to ensure the Town's transportation systems can keep pace with growth.

Public Works



42
Traffic
Signal Intersections



Signs
14,783



5,870,494
Square Yards
of Pavement



689
Lane Miles

Please find additional information at CRgov.com/performance

What was accomplished?

- Reconstructed Meadows Parkway between U.S. Highway 85 and Prairie Hawk Drive
- Installed a roundabout at Wolfensberger Road and Plum Creek Parkway/Coachline Road
- Installed new traffic signals at Meadows Parkway and Low Meadow Boulevard and at Plum Creek Parkway and Emerald Drive
- Completed pavement maintenance projects in eastern Castle Rock and along Meadows Boulevard

Meadows Parkway Reconstructed



Public Works recognized
The American Public Works
Association, Colorado Chapter
awarded the department its first

Transportation Infrastructure Report Card in the Medium Size Community category for excellence in Public Outreach. The report card marks a significant step toward transparency into how Public Works manages transportation infrastructure assets.



In addition, the Colorado Asphalt Pavement Association awarded the Town a **Best in Colorado** for the reconstruction of Lantern Trail. This project consisted of curb, gutter and sidewalk repair; construction of new Americans with Disabilities Act compliant ramps; and removal of existing concrete pavement and placing new, full-depth asphalt pavement.



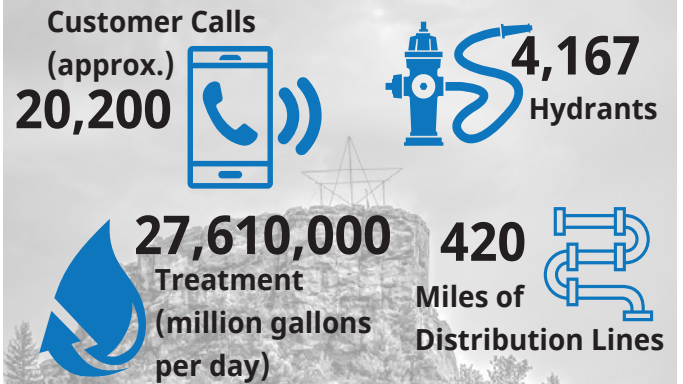
Secure our water future

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

What was accomplished?

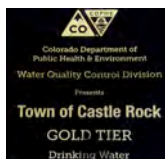
- Began receiving [Water Infrastructure and Supply Efficiency \(WISE\)](#) water in Town and continued the Box Elder and Chatfield Reallocation projects to provide for additional renewable water
- Designed upgrades to the Plum Creek Water Purification Facility (PCWPF) for purified reuse water; construction began in 2019 for completion in 2020
- Began designing a pipeline to bring water from Sedalia to the PCWPF

Castle Rock Water



Please find additional information at CRgov.com/performance

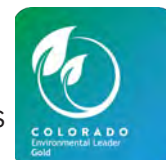
WISE Water Pipeline



Gold Medal awards

Colorado Department of Public Health and Environment – Environmental Leadership Program honored Castle Rock Water with two gold awards! The **Pursuing Excellence Gold Award** ranks highest for actions taken going above and beyond regulatory compliance for drinking water.

The **Environmental Leadership Program Gold Award** recognizes going above and beyond regulatory standards that positively impact the environment.





Maintain strong Parks and Recreation

Castle Rock Parks and Recreation oversees 6,000 acres of Town open space, 50 developed parks, 76 miles of trails, the Red Hawk Ridge Golf Course, and the Miller Activity and Recreation Centers. The department also operates five pools and a large number of Town-sponsored special events.

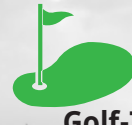
What was accomplished?

- Began construction on Deputy Zack S. Parrish III Memorial Park near Aspen View Academy in The Meadows; the park will open in spring/summer 2019
- Broke ground on a 2-mile southward extension of the East Plum Creek Trail to Crystal Valley Parkway; completion is expected in fall 2019

Parks and Recreation

611

Acres of
Developed Parks



40,756

Golf-Total Rounds



374,555

Recreation Center

Total Visits



76

Miles of Trails

Please find additional information at CRgov.com/performance

Reimagined Festival Park at the heart of Downtown



Major awards go to the Town and Festival Park

The American Academy for Park and Recreation Administration, in partnership with the National Recreation and Park Association, recognized

the Town's Parks and Recreation Department with the **National Gold Medal Award** for excellence in long-range planning, resource management and innovative approaches to delivering superb parks and recreation services. As part of the application, the department developed and shared a [video](#).



The reimagined Festival Park received two awards in 2018. The Colorado Chapter of the American Society of Landscape Architects bestowed the **Merit Award** in the category of Design over \$500,000 Construction Budget.



Engineering News-Record, an industry publication, granted the **Landscape/Urban Development Award** in the 2018 Best Projects competition. This award goes to the best projects in the four-state region of Colorado, Wyoming, North Dakota and South Dakota.



Support economic development



Image of Riverwalk compliments of Confluence Companies

Riverwalk

Prominently situated on both sides of Sellars Gulch on Wilcox Street, the mixed-use redevelopment project made significant progress in 2018. Riverwalk weaves into the fabric of the established and historic downtown Castle Rock. Restaurants, shops and entertainment will seamlessly merge with small-Town heart to create a vibrant, walkable downtown. Riverwalk sits at the doorstep of bike and hiking trails, open space, and Festival Park.



Median Household Income

Source: U.S. Census Bureau



Awards of achievement

The Economic Development Council of Colorado recognized the Town with the **Large Community of the Year Award** and **Partnership Award**.

What was accomplished?

- Invested in [Arapahoe Community College's Collaboration Campus](#), a partnership among ACC, Colorado State University, the Douglas County School District, Castle Rock Economic Development Council, and the Town; ground broke on the project in May 2018, with the first phase expected to open in fall 2019
- Began work to develop next-step economic development priorities

Who are the largest employers?

Company	Rank	Percentage of Total Town Employment
Douglas County School District	1	8%
Douglas County	2	8%
Keller Williams dba Castle Rock Homes	3	4%
Castle Rock Adventist Medical Campus	4	4%
Town of Castle Rock	5	4%



Castle Rock
Adventist Hospital



Source: referenceUSA



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 primarily fund governmental-type activities, while business-type activities function more like private businesses funded primarily by fees paid for those services.

Net Position

The net position, or net worth, of the Town at Dec. 31, 2018 was \$1,023.9 million. The Town's net position increased by \$70.9 million (7.4 percent). The governmental net position increased by \$30.7 million (8.3 percent), and the business-type net position increased by \$40.2 million (6.9 percent). These increases reflect the planned accumulation of funds for future projects.

Net Position	Governmental		Business-type		Total	
as of Dec. 31 in thousands	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	\$ 89,399	\$ 76,314	\$ 154,389	\$ 144,911	\$ 243,788	\$ 221,225
Capital Assets	373,588	353,818	541,778	516,364	915,366	870,182
Total Assets	462,987	430,132	696,167	661,275	1,159,154	1,091,407
Deferred Outflows of Resources	2,679	3,074	878	1,008	3,557	4,082
Liabilities						
Long-term Liabilities	42,961	44,539	69,368	73,886	112,329	118,425
Other Liabilities	18,888	16,038	4,428	5,366	23,316	21,404
Total Liabilities	61,849	60,577	73,796	79,252	135,645	139,829
Deferred Inflows of Resources	3,212	2,703	-	-	3,212	2,703
Net Position						
Net Investment in Capital Assets	332,762	313,944	473,028	444,474	805,790	758,418
Restricted	19,853	14,486	-	-	19,853	14,486
Unrestricted	47,990	41,496	150,221	138,557	198,211	180,053
Total Net Position	\$ 400,605	\$ 369,926	\$ 623,249	\$ 583,031	\$ 1,023,854	\$ 952,957

Summary of Activities

The following table reflects a condensed summary of activities and changes in net position. On the governmental side, revenues increased by \$17.9 million (18.7 percent), and expenses increased by \$5.3 million (6.8 percent). On the business-type side, revenues increased by \$20 million (22.6 percent) and expenses increased by \$14.8 million (28.5 percent) largely due to the Town's investment in renewable water projects.

Summary of Activities	Governmental		Business-type		Total	
as of Dec. 31 in thousands	2018	2017	2018	2017	2018	2017
Revenues						
Charges for Services	\$ 18,907	\$ 14,616	\$ 56,639	\$ 54,110	\$ 75,546	\$ 68,726
Operating Grants & Contributions	5,357	4,614	-	-	5,357	4,614
Capital Grants & Contributions	19,444	12,563	46,319	29,859	65,763	42,422
Property taxes	1,331	1,174	-	-	1,331	1,174
Sales & Use Taxes	57,470	52,772	2,877	2,654	60,347	55,426
Other Revenues	10,958	9,864	2,402	1,648	13,360	11,512
Total Revenues	113,467	95,603	108,237	88,271	221,704	183,874
Expenses	84,092	78,773	66,715	51,902	150,807	130,675
Transfers	1,304	81	(1,304)	(81)	-	-
Change in Net Position	30,679	16,911	40,218	36,288	70,897	53,199
Net Position, Beginning of Year	369,926	353,015	583,031	546,743	952,957	899,758
Net Position, End of Year	\$ 400,605	\$ 369,926	\$ 623,249	\$ 583,031	\$ 1,023,854	\$ 952,957

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

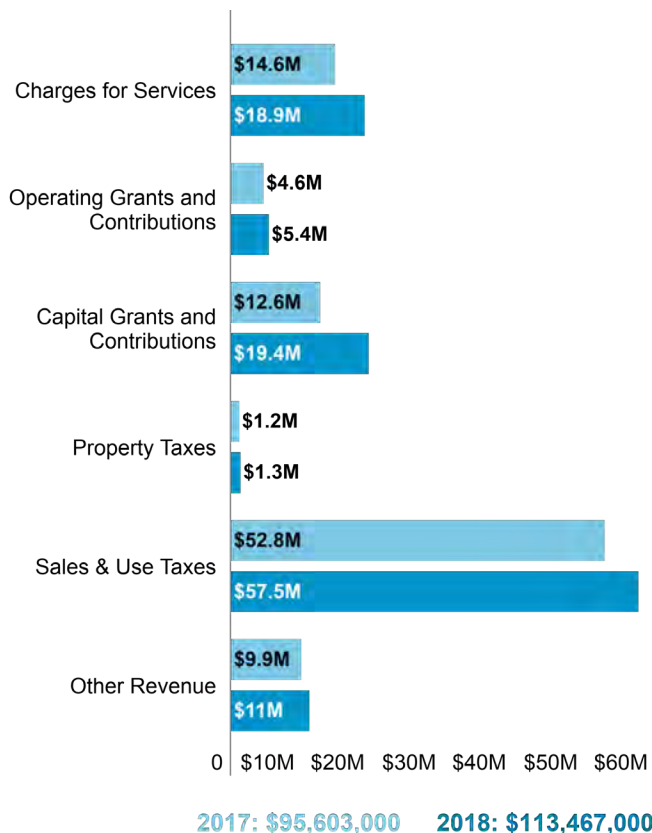
Financial Results



Governmental activity revenue

The chart at right shows governmental revenue activities by source.

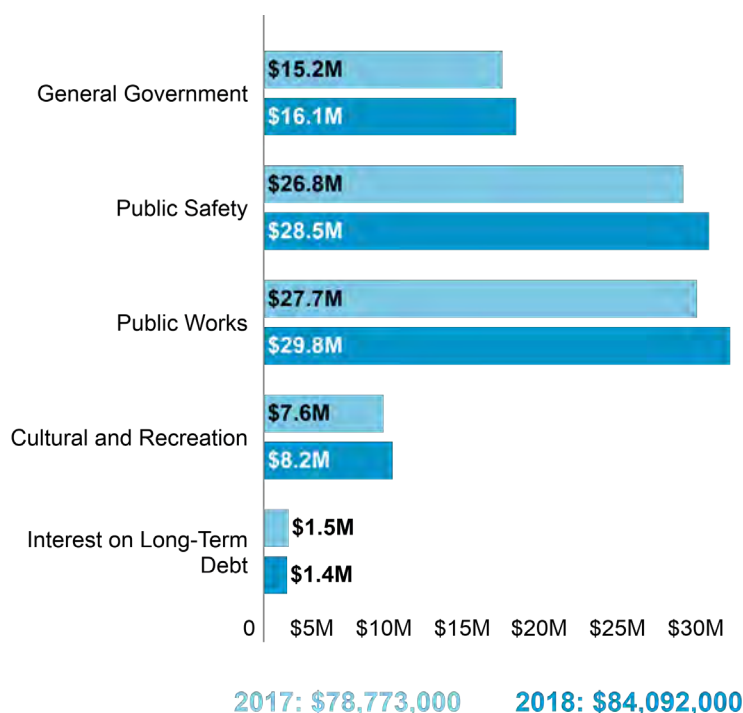
- Sales taxes provide 43 percent of the total revenue for governmental activities. The increase in Sales and Use tax revenue of \$4.7 million is due to an expanded commercial base and strong economy.
- Program revenues – including Charges for Services, Grants and Contributions – provide 39 percent of revenue in the governmental activities. The \$17.9 million (18.7 percent) increase in governmental activity revenue from 2017 is primarily due to an increase in developer contributed assets (\$12.1 million in 2017 versus \$18.1 million in 2018). An increase in development impact fee revenue of \$3.9 million is primarily due to increases in impact fee rates in 2018.
- Only 1 percent of the governmental revenues are provided by property taxes.



Governmental activity expenses by program

The Town maintains 15 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.

- Public Safety services account for about 34 percent of all governmental-type expenses.
- Public Works accounts for just over 35 percent of all governmental-type expenses.
- The \$5.3 million (6.8 percent) increase in governmental activity expenses from 2017 resulted primarily from depreciation related to continued investment in capital assets (\$3 million), personnel costs (\$3.8 million), and an increase to service and supply costs.



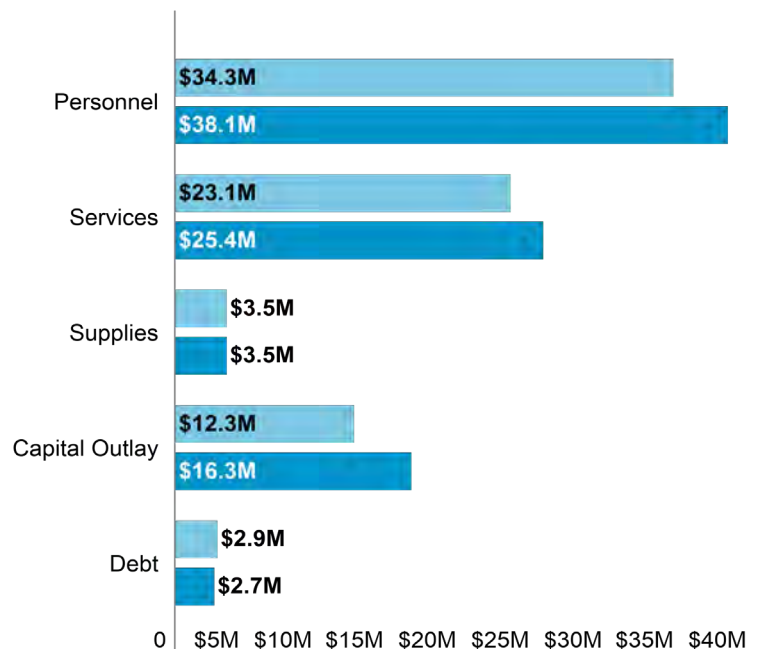


Philip S. Miller Park and Amphitheater named a **2018 Best of the Best Park** by Colorado Community Media



Governmental funds expenses by type *

- Daily governmental functions include paying for operational costs such as salaries, supplies and services.
- Governmental personnel costs for 2018 include 379 full-time equivalents – 54 percent who work to provide the Town's public safety services.
- Services costs typically include utility and software costs, costs related to the Town's annual Pavement Maintenance Program, and contracts with community service partners.



*Information presented on modified accrual budgetary basis

2017: \$76,059,232

2018: \$85,915,000

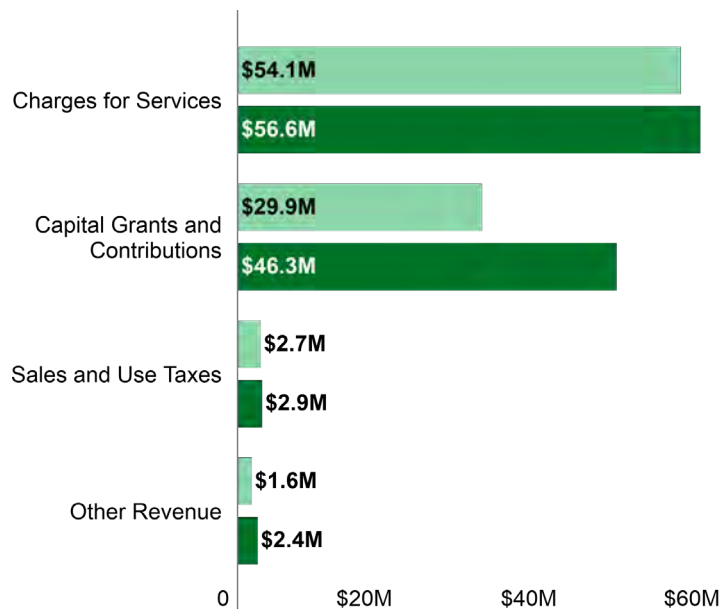
Financial Results



Business-type activity 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.

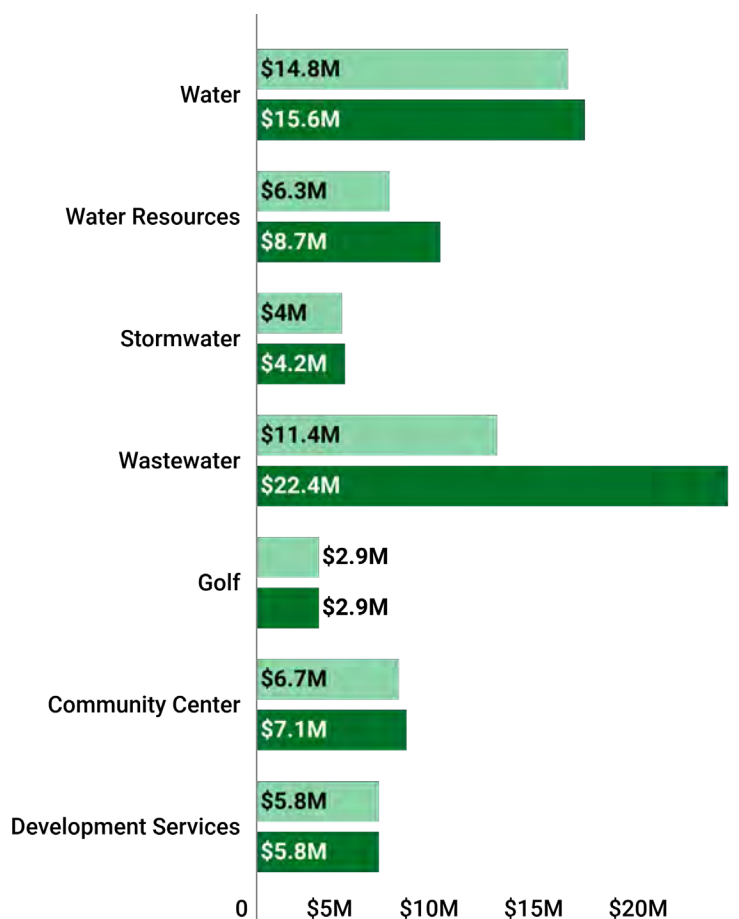
- Charges for Services include water rates paid by customers, building permit revenues, and rates paid at the Recreation Center, Miller Activity Complex, and Red Hawk Ridge Golf Course.
- The \$20 million (22.6 percent) increase in business-type activity revenues from 2017 is due to an increase of \$12.9 million in developer contributed assets, continued residential and commercial development, and the resulting increased demand for services within the Town.



Business-type activity expenses

The Town maintains seven business-type funds. These funds account for functions such as Water, Water Resources (long-term water), Stormwater, and Wastewater along with Development Services, Golf and Community Center (recreation).

- Water services account for about 76 percent of all business-type expenses.
- The \$14.8 million (28.5 percent) increase in business-type activity expenses from 2017 is due to an increase in operations costs and depreciation related to continued investment in capital assets.

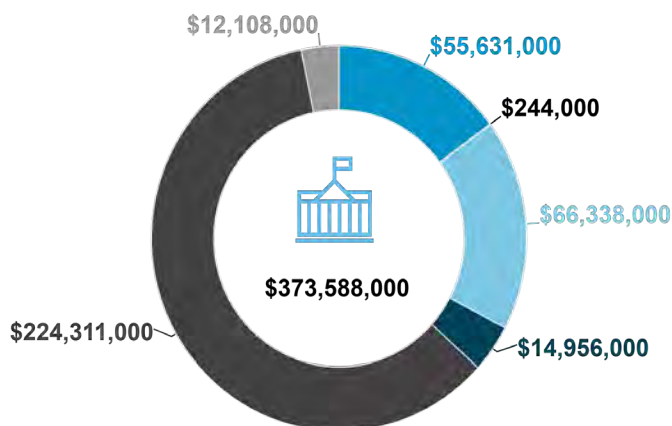


Red Hawk Ridge Golf Course

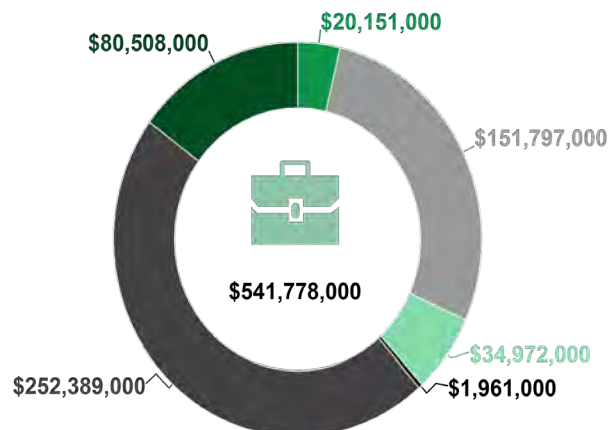


Capital assets (net of depreciation)

The Town had significant investments in infrastructure in 2018. Major capital asset events included continued investment in renewable water projects, design and construction of transportation projects, and completion of Fire Station 152 in Crystal Valley.



- Land/Easements/Right of Ways (14.9%) ● Artwork (0.1%)
- Buildings/Improvements/Other (17.8%)
- Machinery and Equipment (4.0%) ● Infrastructure (60.0%)
- Construction in Progress (3.2%)



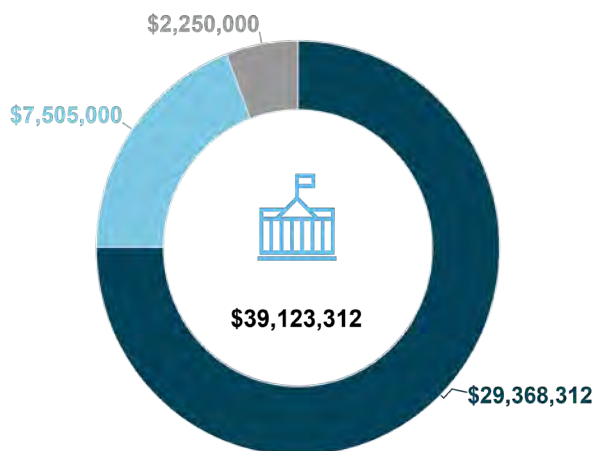
- Land/Easements/Right of Ways (3.7%) ● Water Rights (28.0%)
- Buildings/Improvements/Other (6.5%)
- Machinery and Equipment (0.3%) ● Infrastructure (46.6%)
- Construction in Progress (14.9%)

Outstanding debt

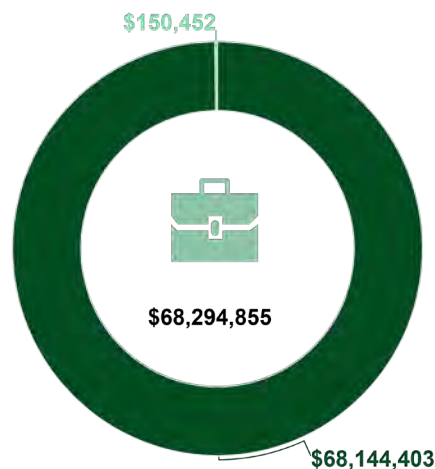
The Town's total long-term debt decreased by \$5.9 million, or 5 percent, in 2018 due to scheduled debt service payments.

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.



- Revenue Bonds (75.0%) ● Certificates of Participation (19.2%) ● Notes (5.8%)



- Revenue Bonds (99.8%) ● Capital Leases (0.2%)



▲ Fire Station 152 Groundbreaking

Investments

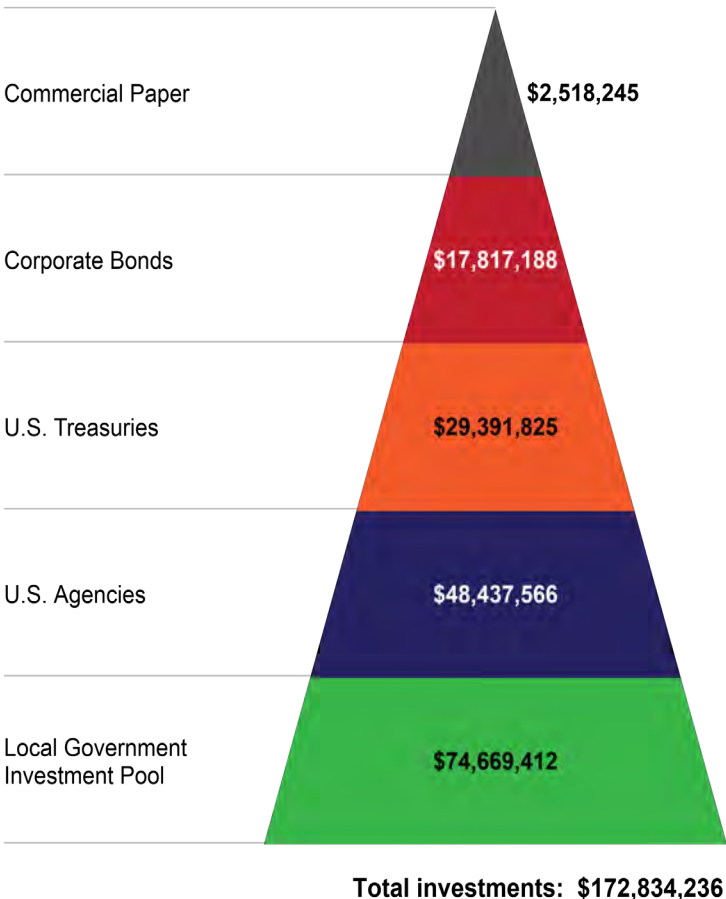
The Town maintains a conservative investment policy.

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

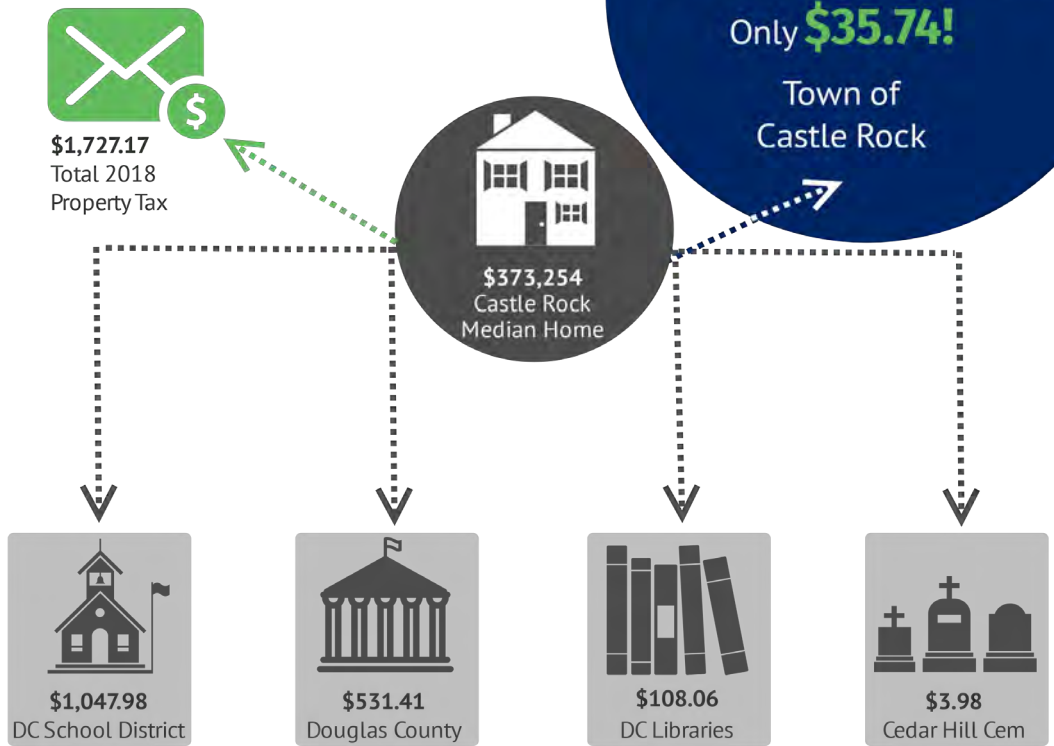
Did you know?

The Town has a large portion of investments in a Local Government Investment Pool (LGIP). In 1988, Colorado local governments formed the LGIP for the sole purpose of serving government entities in the state to meet investment objectives via an asset allocation approach to portfolio management with an emphasis on safety, liquidity, transparency and competitive yields.



Where do your property tax dollars go?

The Town's property tax mill levy rate for 2018 was 1.330 mills. Residents paid about \$36 in Town property taxes on a \$373,254 median value home.



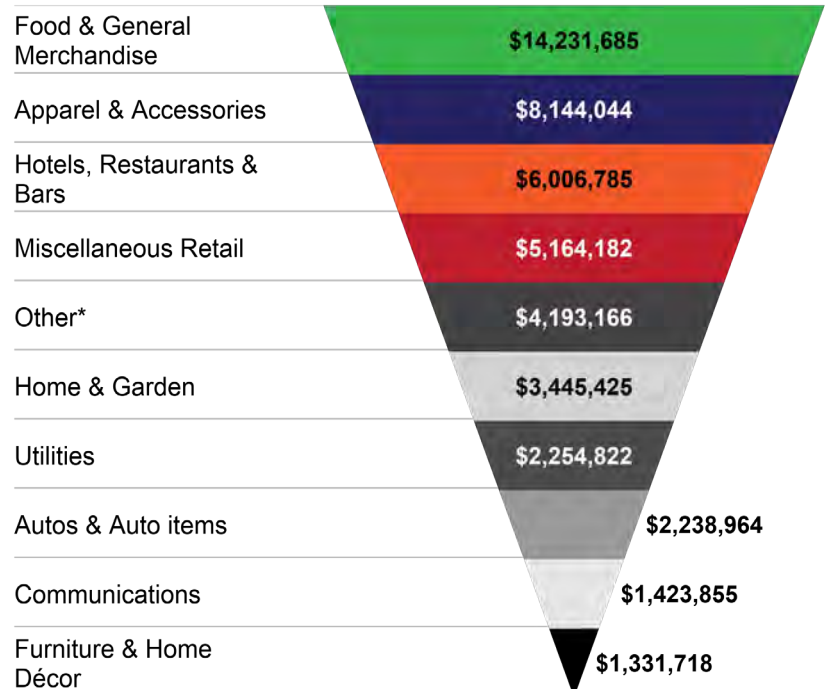
In addition, residents in Castle Rock's various metro districts pay an annual property tax. A metro district is a taxing entity that exists primarily to finance public improvements that benefit property owners in the district.

Castle Rock strives to maintain a high-quality business environment that includes unique locally-owned stores in historic Downtown.



Shopping at [The Emporium](#)

Which industries generate the most sales tax?



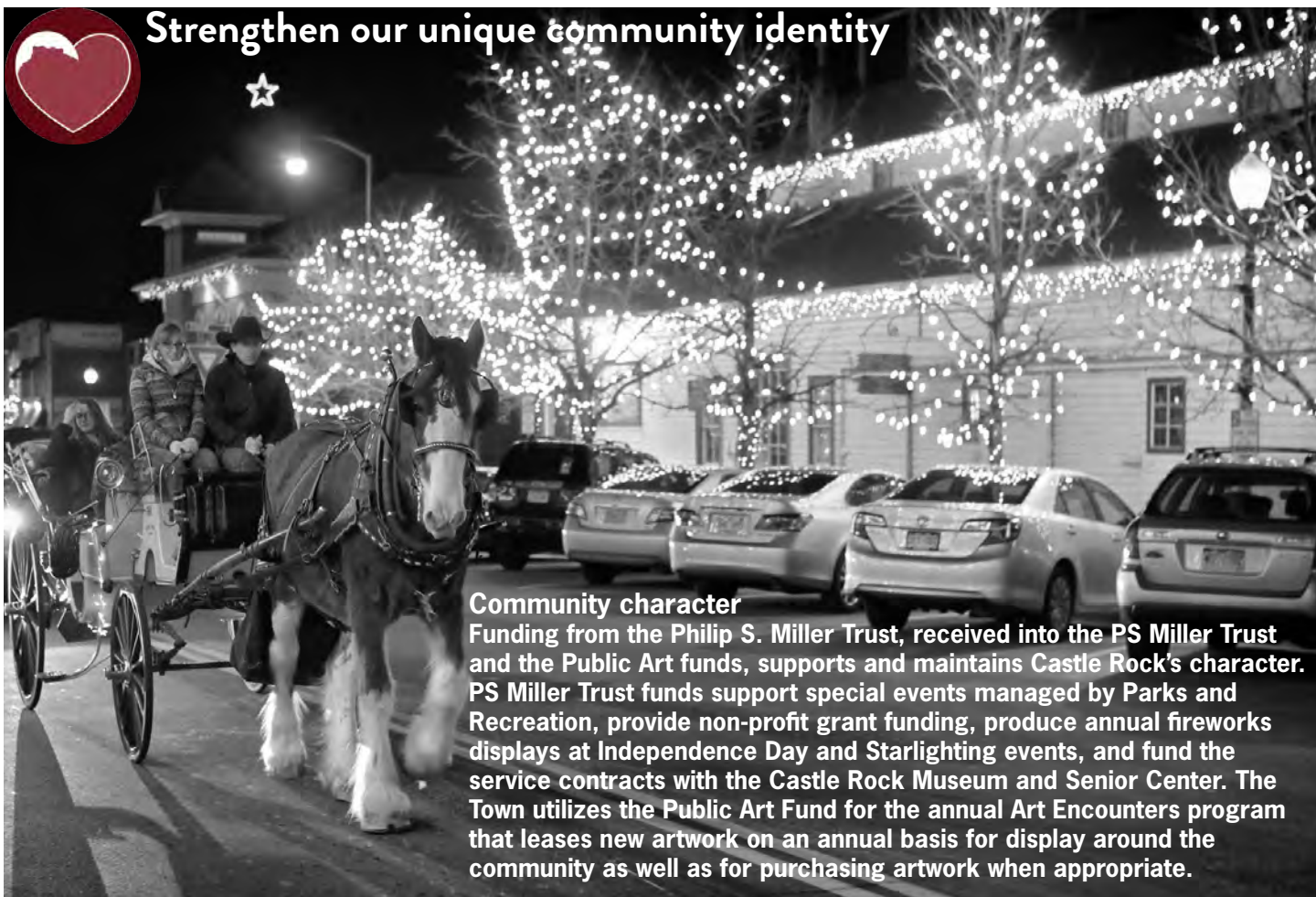
*Other: Leasing & Rentals, Services, Agricultural & Construction, Wholesale & Manufacturing, Audit & Collections Revenue

Total: \$48,434,646

Source: Town of Castle Rock Revenue Division



Strengthen our unique community identity



Community character

Funding from the Philip S. Miller Trust, received into the PS Miller Trust and the Public Art funds, supports and maintains Castle Rock's character. PS Miller Trust funds support special events managed by Parks and Recreation, provide non-profit grant funding, produce annual fireworks displays at Independence Day and Starlighting events, and fund the service contracts with the Castle Rock Museum and Senior Center. The Town utilizes the Public Art Fund for the annual Art Encounters program that leases new artwork on an annual basis for display around the community as well as for purchasing artwork when appropriate.

PAFR 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, deferred revenue and advance collections

Deferred outflow of resources: consumption of net assets applicable to a future reporting period. For example, prepaid items and 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 and liabilities – in this case, the Town's net worth

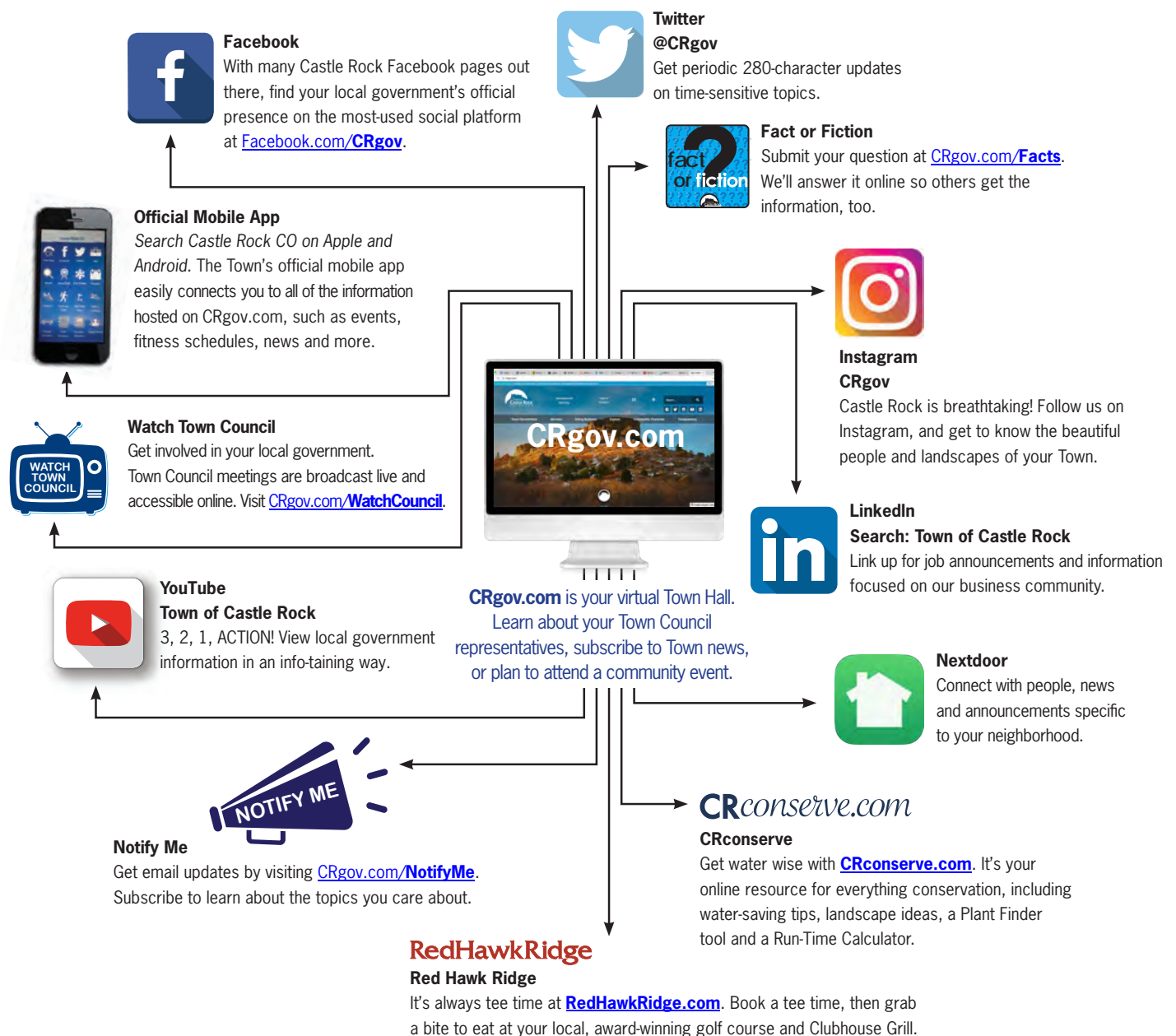
Restricted: funds set aside for a specific purpose or project and not available for use

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





Contact the Mayor and Town Council

MAYOR

Jason Gray
At Large

jgray@CRgov.com or 303-663-4401

MAYOR PRO TEM

Jason Bower

District 4 – Central Castle Rock and Downtown
jbower@CRgov.com or 303-660-1384

DISTRICT 1 COUNCILMEMBER

Jess Loban

Western portions of The Meadows
jloban@CRgov.com or 720-733-3585

DISTRICT 2 COUNCILMEMBER

James Townsend

Northeast Castle Rock
jtownsend@CRgov.com or 303-660-1396

DISTRICT 3 COUNCILMEMBER

Kevin Bracken

Eastern portions of The Meadows,
Red Hawk and Castle Highlands
kbracken@CRgov.com or 303-663-4402

DISTRICT 5 COUNCILMEMBER

Caryn Johnson

Southeast Castle Rock
cjohnson@CRgov.com or 303-663-4403

DISTRICT 6 COUNCILMEMBER

George Teal

South Castle Rock
gteal@CRgov.com or 303-660-1371